

Purchasing Week

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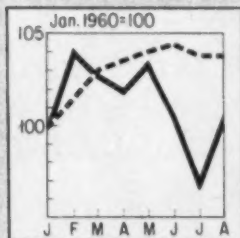
\$6 A YEAR U.S. AND CANADA \$25 A YEAR FOREIGN

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WHY MANAGEMENT IS PUTTING THE MICROSCOPE ON PURCHASING

I. INVENTORY LEVELS ARE HIGH . . .

SPREAD between industrial hard-goods inventories (broken line) and new orders (heavy line) is too big for comfort.



II. SO EVERYBODY IS LOOKING FOR EFFICIENCIES

OUTSIDE

1. **WAREHOUSING:** Purchasers are putting more inventory burden on suppliers.
2. **TRANSPORTATION:** Here's one area where the P.A. still has a wide choice of prices.
3. **KNOW-HOW:** P.A.'s are asking suppliers to help with research, design, etc.

INSIDE

1. **REORGANIZATION:** Purchasing is being aligned more closely to top management.
2. **INVENTORY CONTROLS:** EDP and formulated systems are updating procedures.
3. **BETTER TEAMWORK:** Purchasing engineering, research are in closer harness.

Quit Feuding or Face Intervention, Carriers Warned

New York—The annual convention of the American Trucking Associations rolled into town last week and unloaded a cargo of complex and controversial topics affecting shippers in all categories.

• ICC Commissioner Laurence K. Walrath urged truckers and railroads to coordinate their services better before the government intervenes to effect a more efficient, flexible transportation system.

• Walrath suggested that united action on the part of shippers might force some changes in the areas of rates and container standardization.

• ATA President Welby M. Frantz declared that destructive freight rate warfare and piggyback competition are two of the big-

(Turn to page 4, column 3)

Machine Tools Orders Dip

Cleveland — Machine tool builders still are waiting hopefully for a flood of new orders to materialize from the recent Chicago exposition of metalworking equipment. Some are happy, but many are downright confused about the current outlook for their industry.

Despite the optimistic order upturn last August—a \$15.5-million rise to the highest level in

(Turn to page 27, column 3)

New Wave of Soul-Searching Engulfs P.A.'s As Management Scrounges for More Efficiency

Antitrust Chief Bicks Urges P.A.'s To Help Stamp Out Identical Bids

Washington—Identical bidding, a tough problem for all public and some industrial procurement men, was in for a hard going-over this week at the 15th Annual Conference of the National Institute of Governmental Purchasing.

Leading the 1,500 governmental P.A.'s in their pondering over what to do about identical bids was the nation's top trustbuster, Robert A. Bicks, assistant attorney general. A large number of bids for federal, state, and local jobs appear to be rigged, Bicks said, and he was set to offer suggestions on solving the problem.

Bicks' topic is a timely one. Earlier this year, the business world was rocked by a series of indictments handed down by

(Turn to page 27, column 1)

Evidence of Steel's Fight To Regain Lost Markets Dominates Metals Show

Philadelphia—The steel industry's pitch for wider markets dominated the annual metals show here last week.

The entire exposition focused on the continuing marketing battle between all competing metals, and representatives of all metal industries attending the exhibit summed up the eventual outcome this way:

Industry in general will obtain better products at cheaper prices. The annual metals exhibit brought together the largest number of steel producers ever to attend the show. Grouped together in a "steel arena," their salesmen, marketing experts, and tech-

(Turn to page 27, column 4)

Cast Film Makers Lower Tags To Bag Higher Sales

New York—Cast film makers have launched a price-cutting drive to capture "a major share" of the polyethylene market.

Latest move came from Ludlow Plastics, Needham Heights, Mass., which cut base prices of its "Metaplene T-11" cast medium density film from 63¢/lb. to 55¢/lb.

The cut, which follows a 7¢/ (Turn to page 3, column 3)

A Special P/W Report

It's an axiom these days: Cutting costs and inventories is standard operating procedure. But a new trend is slowly becoming discernible: The soul-searching that has gone into cost-cutting is starting to radiate outward like ripples from a pebble dropped in a pond.

Here is the evidence, as amassed by Purchasing Week reporters across the nation this past week:

IBM Seeks Beachhead In Office Dictation Field

New York — International Business Machines Corp. has invaded the dictating machine field with a new line consisting of three recording units.

All three models are fully transistorized and record on a magnetic belt that holds 14 minutes of dictation. The belt can be reused thousands of times and is easily mailed, filed, or stored.

A special magnet circuit can (Turn to page 3, column 1)

• Salesmen entering the main lobby of National Lead Co.'s feed materials production center in Fernald, Ohio, are confronted by a glass display case. The case, containing price-tagged products, has a sign reading: "The Purchasing Department is seeking new sources of supply. This is our current price. Can you do better?" Result: savings of \$30,000 in the last six months.

• Last January, Harbison-Walker combined its purchasing and engineering departments, and appointed its chief engineer head of the combined operation.

• Anaconda Wire & Cable last (Turn to page 28, column 1)

This Week's

Purchasing Perspective

OCT. 24-30

FOUR-STAR SPENDER—One of the most persistent advocates of more soul-searching in industrial procurement (see above) is Gen. Samuel E. Anderson, boss of the Air Force's Air Materiel Command.

He also is probably the unhappiest. Anderson, who contends cost reduction is the major problem in aerospace logistics, again is badgering major defense contractors to jack up their buying efficiency and general purchasing operations.

The general, who directs the spending of one of the biggest slices of the multibillion-dollar defense budget, made some suggestions along that line last July (see P.W., July 25, p. 1). He told 62 companies then that Air Force survey team evaluations of the purchasing systems of key contractors showed glaring deficiencies in contract administration, pricing, and other procurement functions. But one of the biggest criticisms was that contractors were not giving full attention to their procurement responsibilities.

(Turn to page 27, column 1)

P/W PANORAMA

• **Long-Term Contracts With Distributors** are avoided like the plague by P.A.'s and distributors alike, in a good many cases. But Dow Chemical and American Viscose use them—and like them. For the reasons, see the spread on pages 16-17.

• **What Are the Chances of a Steel Price Hike?** The price of steel affects just about all of us, in one way or another, and the question is one that is being kicked around quite a bit these days. For the answer, see the story on pages 12-13.

• **A Buyer's Market** appears on the horizon for textiles, even though demand has taken off on a seasonal upswing. So if you expect to be in the market for textiles, look at the story on page 5 to see why it may pay to delay your order.

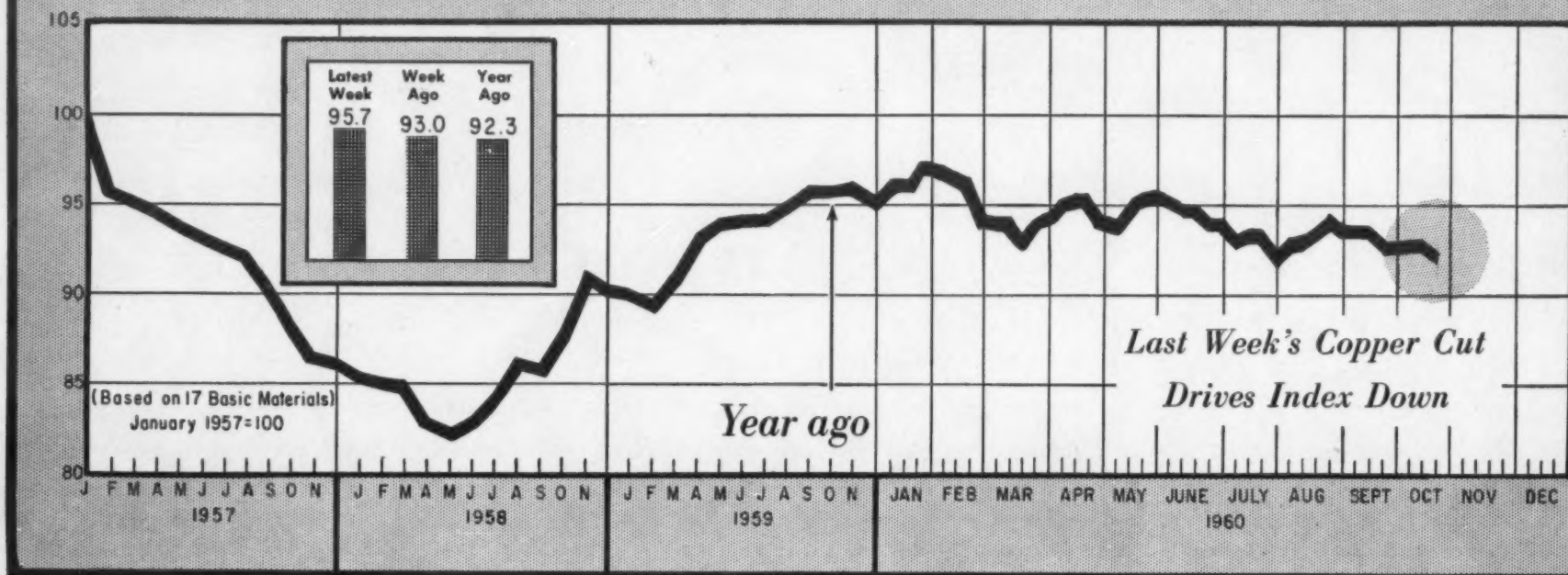
• **Trade Shows** give P.A.'s a good opportunity to see competing products side by side and to ask rival manufacturers some vital questions. For a rundown on some of the most important shows coming up, see Product Perspective (p. 5).



John C. Krieg, city P.A. for Cincinnati, will receive NIGP Distinguished Service Award at Washington meeting this week.

Purchasing Week Industrial Materials Price Barometer

This index, based on 17 basic materials, was especially designed by the McGraw-Hill Department of Economics.



This Week's Commodity Prices

	Oct. 19	Oct. 12	Year Ago	% Yrly Change
METALS				
Pig iron, Bessemer Pitts., gross ton.....	67.00	67.00	67.00	0
Pig iron, basic valley, gross ton.....	66.00	66.00	66.00	0
Steel, billets, Pitts., net ton.....	80.00	80.00	80.00	0
Steel, structural shapes, Pitts., cwt.....	5.50	5.50	5.50	0
Steel, structural shapes, Los Angeles, cwt.....	6.20	6.20	6.20	0
Steel, bars, del., Phila., cwt.....	5.975	5.975	5.975	0
Steel, bars, Pitts., cwt.....	5.675	5.675	5.675	0
Steel, plates, Chicago, cwt.....	5.30	5.30	5.30	0
Steel scrap, #1 heavy, del. Pitts., gross ton.....	28.00	28.50	41.00	-31.7
Steel scrap, #1 heavy, del. Cleve., gross ton.....	25.00	29.50	41.00	-39.0
Steel scrap, #1 heavy, del. Chicago, gross ton.....	27.00	28.00	45.00	-40.0
Aluminum, pig, lb.....	.26	.26	.247	+ 5.3
Secondary aluminum, #380 lb.....	.23	.237	.238	- 3.4
Copper, electrolytic, wire bars, refinery, lb.....	.296	.296	.322	- 8.1
Copper scrap, #2, smelters price, lb.....	.228	.24	.255	-10.6
Lead, common, N.Y., lb.....	.12	.12	.13	- 7.7
Nickel, electrolytic, producers, lb.....	.74	.74	.74	0
Tin, Straits, N.Y., lb.....	1.031	1.038	1.016	+ 1.5
Zinc, Prime West, East St. Louis, lb.....	.13	.13	.13	0
FUELS†				
Fuel oil #6 or Bunker C, Gulf, bbl.....	2.30	2.30	2.00	+15.0
Fuel oil #6 or Bunker C, N.Y., barge, bbl.....	2.62	2.62	2.37	+10.5
Heavy fuel, PS 400, Los Angeles, rack, bbl.....	2.05	2.05	2.15	- 4.7
Lp-Gas, Propane, Okla., tank cars, gal.....	.045	.045	.045	0
Gasoline, 92 oct. reg., Chicago, tank car, gal.....	.126	.126	.116	+ 8.6
Gasoline, 84 oct. reg., Los Angeles, rack, gal.....	.105	.108	.122	-13.9
Kerosene, Gulf, Cargoes, gal.....	.09	.09	.086	+ 4.7
Heating oil #2, Chicago, bulk, gal.....	.095	.095	.091	+ 4.4
CHEMICALS				
Ammonia, anhydros, refrigeration, tanks, ton.....	94.50	94.50	88.50	+ 6.8
Benzene, petroleum, tanks, Houston, gal.....	.34	.34	.31	+ 9.7
Caustic soda, 76% solid drums, carlots, cwt.....	4.80	4.80	4.80	0
Coconut oil, inedible, crude, tanks, N.Y. lb.....	.14	.138	.20	-30.0
Glycerine, synthetic, tanks, lb.....	.293	.293	.293	0
Linseed oil, raw, in drums, carlots, lb.....	.159	.161	.175	- 9.1
Phthalic anhydride, tanks, lb.....	.185	.185	.165	+12.9
Polyethylene resin, high pressure molding, carlots, lb.....	.275	.275	.35	-21.4
Rosin, W.G. grade, carlots, fob N.Y. cwt.....	18.10	18.10	10.90	+66.1
Shellac, T.N., N.Y. lb.....	.31	.31	.31	0
Soda ash, 58%, light, carlots, cwt.....	1.55	1.55	1.55	0
Sulfur, crude, bulk, long ton.....	23.50	23.50	23.50	0
Sulfuric acid 66% commercial, tanks, ton.....	22.35	22.35	22.35	0
Tallow, inedible, fancy, tank cars, N.Y. lb.....	.056	.056	.065	-13.8
Titanium dioxide, anatase, reg. carlots, lb.....	.255	.255	.255	0
PAPER				
Book paper, A grade, Eng. finish, Untrimmed, carlots, cwt.....	17.75	17.75	17.20	+ 3.2
Bond paper, #1 sulfite, water marked 20 lb, car. lots, cwt.....	25.20	25.20	25.20	0
Chipboard, del. N.Y., carlots, ton.....	100.00	100.00	95.00	+ 5.3
Wrapping paper, std. Kraft, basis wt. 50 lb rolls.....	9.50	9.50	9.25	+ 2.7
Gummed sealing tape, #2, 60 lb basis, 600 ft. bundle.....	6.30	6.30	6.30	0
Old corrugated boxes, dealers, Chicago, ton.....	18.00	18.00	21.00	-14.3
BUILDING MATERIALS‡				
Cement, Portland, bulk carlots, fob New Orleans, bbl.....	3.65	3.65	3.65	0
Cement, Portland, bulk carlots, fob N.Y., bbl.....	4.18	4.18	4.18	0
Southern pine, 2x4, s4s, trucklots, fob N.Y., mftbm.....	118.00	118.00	125.00	- 5.6
Douglas fir, 2x4, s4s, carlots, fob Chicago, mftbm.....	133.00	133.00	140.00	- 5.0
Spruce, 2x4, s4s, carlots, fob Toronto, mftbm.....	82.00	82.00	88.00	- 6.8
Fir plywood, 1/4" AD, 4x8, dealer, crlid, fob mill, msf.....	68.00	68.00	68.00	0
TEXTILES				
Burlap, 10 oz. 40", N.Y., yd.....	.134	.131	.102	+31.4
Cotton middling, 1", N.Y., lb.....	.322	.322	.328	- 1.8
Printcloth, 39", 80x80, N.Y., spot, yd.....	.182	.186	.202	- 9.9
Rayon twill, 40 1/2", 92x62, N.Y., yd.....	.225	.225	.25	-10.0
Wool tops, N.Y., lb.....	1.425	1.435	1.595	-10.7
HIDES AND RUBBER				
Hides, cow, light native, packers, Chicago, lb.....	.172	.170	.240	-28.3
Rubber, #1 std ribbed smoked sheets, N.Y., lb.....	.338	.345	.405	-16.5

† Source: Petroleum Week ‡ Source: Engineering News-Record

This Week's

Price Perspective

OCTOBER 24-30

BUSINESS MAY BE PRIMING ITSELF to defy the law of supply and demand in the interest of shoring up profits.

At least that seems to be the reasoning behind last week's decision of rayon producers to boost tags—at a time they were in a life and death competitive struggle with nylon.

If competition were calling the price signals, another price cut would have been the normal expectation.

The fact that an increase was posted can only be explained on the grounds that textile firms are getting desperate over the profit squeeze.

Certainly financial figures bear this out. American Enka Company (one of the biggest producers), for example, reports 1961 earnings to date at only \$483,000—less than one-tenth the earnings for the similar 1959 period.

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THE SQUEEZE ON PROFITS isn't limited to only the textile field.

According to a new Security and Exchange Commission report, it's pretty widespread.

In the second quarter, for example, the SEC reported manufacturing firms' pre-tax profits at only \$7.4-billion. That's 18% below the \$9-billion racked up in the second quarter of 1959.

In the key durable goods area, the drop is even more precipitous—with the second quarter of 1960 down 25% below a year ago.

Margins are also feeling the pinch. Pre-tax profits per dollar of sale in the second quarter dipped to 8.4¢ compared to 10.2¢ of a year ago.

This margin decline was entirely due to durables. Soft goods profits per dollar of sale actually showed a small rise over the year.

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RIISING UNIT COSTS will tend to aggravate the situation in the next few months.

For they always tend to go up when volume falls.

It's no secret, for example, that labor costs per unit of output are on the rise in steel and many other industries (see story p. 12).

And very little can be done about it. For often the same number of white-collar and other nonproduction workers are needed whether you turn out 50 widgets or 100 widgets a day. Unfortunately, when you're only making 50, your unit cost for nonproductive labor doubles.

Much the same is true of other producer costs. Fixed overhead charges—such as rent and depreciation—must be paid whether you are operating at 50%, 75%, or 100% of capacity.

With current operations of manufacturers now in the 70% to 80% range, it's no wonder that so many firms are beginning to feel the squeeze.

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IMPLICATIONS for early 1961 are clear.

• **For prices**—To expect lower prices on the basis of sagging demand alone is just not realistic. The cost-price and profit structures of most firms today just don't permit significant reductions.

• **For labor**—Look for an even tougher management stand. Coupled with the poor bargaining position of labor (supply is greater than demand), it's hard to see how labor can match this year's 3%-4% wage gain.

• **For imports**—You can expect a further step-up in purchases from cheaper overseas sources as management puts the screws on buyers to cut costs. Recent increases in steel and brass mill product imports could be the forerunner of a new import wave.

Midwest Cement Firm Hikes Prices But Other Major Producers Hedge

Chicago — Cement producers are divided on the question of whether to boost 1961 prices to compensate for higher wage costs.

Marquette Cement Manufacturing Co., a major Midwest producer, last week announced boosts, effective Jan. 1, ranging from 1½% to 3% at a number of its plants. But Eastern producers said they either were planning to hold the line with 1960 prices or had not yet made up their minds what to do.

Other Midwestern producers also indicated they had no immediate plans to follow Marquette's lead. Another major producer headquartered in Chicago already had notified customers 1961 prices would remain unchanged. Eastern customers of Universal Atlas Cement Co. also have been told there will be no price changes. Other Eastern firms also indicated they would not raise prices to Eastern customers but still were studying the situation in the Midwest and on the West Coast.

The price deterrent in the East is competition from European and South American producers. Cement firms indicated two months ago that imports probably would put a lid on Eastern prices and that Midwest cement tags would be more likely to change (see P.W. Aug. 29, '60, p. 4).

Marquette said it was raising prices 5¢/bbl. at Oglesby, Ill.; Cape Girardeau, Mo.; Rockmart, Ga., and Nashville and Cowan, Tenn. Shipments at Mil-

waukee and Superior, Ohio, will go up 10¢/bbl. Prices at Des Moines, Memphis, St. Louis, and Chicago will be decided later.

A number of firms, particularly those in the East, indicated they would defer price announcements until November or December, presumably to watch the developing trend and prospects for increasing demand for cement. This year's business is expected to run about 15-million bbl. below 1959's 330-million-bbl. output.

Cast Film Makers Cut Tags to Boost Sales

(Continued from page 1)
lb. Ludlow chop last August, brings cast film 8¢/lb. below comparable cellophane wraps and only 7½¢/lb. more than low-density blown polyethylene films, which range in price from 43¢/lb. to 47½¢/lb.

Under the new Ludlow tariffs, buyers will pay 55¢/lb. for quantities of 10,000 lb. and over; 56¢/lb. for 5,000 to 10,000 lb.; 57¢/lb. for 500 to 5,000 lb.; and 67¢/lb. for under 500 lb. The new prices apply to a range of widths from 18 in. to 60 in., and

an additional 8% converter discount applies to all prices.

Extrudo Plastics, of Pottsville, Pa., is now selling its cast medium density poly film at 52½¢/lb. for quantities of 500 lb. and over; 55¢/lb. for lots of 250 lb. to 500 lb.; and 57½¢/lb. for quantities under 250 lb.

Industry leaders are predicting that the new prices will allow cast film, which is made by a process only two years old, to capture some 10% of the overall polyethylene market by the end of 1961. They predict prices

will settle to about 5% higher than polyethylene blown film.

At current output levels, some 20-million lb. of cast film will be produced this year.

"We expect next year's production to reach 40-million pounds," said John Keville, director of marketing at Ludlow Plastics Div. "Eventually, I see cast medium density film taking over a major share of the film market."

This year's total polyethylene output will range between 375- and 400-million lb.

IBM Introduces Three Office Dictating Units

(Continued from page 1)
erase the entire belt in only 6 seconds. Unlimited review in measured sequences and instant scanning of any portion of the belt are possible. Corrections can be recorded directly over the mistake.

The new product line, called "Executary," will be marketed by IBM's electric typewriter division and will be available within 90 days. It includes: a



IBM DICTATION MACHINE weighs only 14 lb., measures 9x11x3 in.

dictating unit (\$395), a transcriber (\$370) for secretarial use, and a combination unit (\$450) that incorporates both dictating and transcribing.

Each machine weighs about 14 lb. and measures 9 x 11 x 3 in.

IBM plans eventually to expand the line to include portable and remote stations.

Facts of Light!

Special Glass

FOR OUTDOOR LAMPS

Incandescent lamps made for outdoor use are protected from rain, snow, heat, and cold by glass which can withstand abrupt temperature changes — similar to the glass used in household baking dishes.

BUGS ARE COLOR-BLIND

The eyes of insects are less attracted to yellow light than white light — a fact which makes yellow "bug" lamps desirable illumination for outdoor living.

LIGHT THAT'S NOT MEANT TO BE SEEN!

Infrared heat and drying lamps are used for heat not light; to thaw frozen pipes, dry clothes, warm cold motors, quick dry film, dry paint, etc.

THERE ARE OVER

3,000 types

OF CHAMPION LAMPS FOR INDUSTRIAL AND COMMERCIAL USE

CHAMPION LAMP WORKS, Lynn, Massachusetts

CHAMPION INCANDESCENT-FLUORESCENT • YOUR BEST BUY IN LAMPS

Washington Perspective

OCT. 24-30

Executives and economists of the biggest corporations in the country have told the Administration to expect a moderate decline in business the first half of 1961—and a substantial rise in the last six months of the year.

For 1961 as a whole they see a rise from around \$505-billion gross national product this year to about \$512-billion. This implies a GNP rate of something like \$525-billion in the fourth quarter next year, compared to about \$503-billion at present.

This view of the business future was developed by industry economists for use by the corporation executives who belong to the Business Advisory Council of the Commerce Dept. The council met over the weekend at Hot Springs, Va., where members explained the forecast to government officials.

Participating in the forecast were experts from such industries as steel, autos, construction, chemicals, food processing, rubber, and textiles.

• Auto spokesmen forecast output at slightly under 1960.

• Construction experts said housing starts could be expected to run around 1.3-million or so, compared to the 1.1-million rate of the past several months.

• Steel experts predicted a rise of maybe 10% in ingot output.

• The most bearish industry represented among the forecasters was textiles.

The forecast of six months of decline and then six months of vigorous rise, came against a background of disappointing statistics about the current business pace. The government announced a 17% drop in housing starts in September compared to August. And the gross national product estimates for the July-September period disclosed a drop of about \$2-billion from the second quarter. The third quarter dip (to about \$503-billion) did not change the over-all prediction for the year, however. Both government and industry economists think the current quarter will show a rise large enough to give 1960 an average GNP of \$505-billion or so.

The new Railroad Automation Commission could be the key to a new era of labor peace. If the commission succeeds in finding a new formula for avoiding future knock-down and drag-out labor-management fights over automation, it would have significance far beyond its most immediate result—a one-year strike truce on the nation's railroads.

The 15-man tripartite commission has until 1962 to find the solution to the railroads' fights with its operating unions over work rules. While the findings aren't binding, the year-long search for solutions to automation and the unemployment it causes may well supply the answers to similar troubles in steel, autos, machinery, and elsewhere. The findings will coincide with new bargaining talks in these industries, and participants will be looking for clues in this report for their own problems. Some automation settlements have come in longshore, meat-packing, and other negotiations, but none offers the final solution to automation and displacement of workers.

The Air Force expects to issue a procurement instruction on value engineering next month (see P.W. Sept. 19, '60, p 1). This will be the Air Force's first official attempt to cut production and development costs through a formal VE program.

An Air Force official describes the upcoming policy this way: "Where there is a reasonable assurance that there will be cost benefits, contractors will be directed to set up special engineering organizations devoting full time to getting rid of design frills inadvertently cranked into systems and to assure that we get the best value for the least dollars."

Weekly Production Records

	Latest Week	Week Ago	Year Ago
Steel ingot, thous tons	1,556	1,579*	371
Autos, units	153,613	146,015*	137,853
Trucks, units	19,496	19,015*	24,852
Crude runs, thous bbl, daily aver	7,898	7,880	7,759
Distillate fuel oil, thous bbl	11,863	11,858	11,796
Residual fuel oil, thous bbl	5,738	5,930	5,999
Gasoline, thous bbl	28,518	27,733	28,111
Petroleum refineries operating rate, %	80.7	80.5	79.9
Container board, tons	174,249	155,459	180,034
Boxboard, tons	93,950	98,870	96,873
Paper operating rate, %	92.8	94.7*	98.4
Lumber, thous of board ft	208,971	229,129	243,167
Bituminous coal, daily aver thous tons	1,353	1,376*	1,294
Electric power, million kilowatt hours	13,736	13,725	12,861
Eng const awards, mil \$ Eng News-Rec	400.2	444.5	261.0

* Revised

Rayon Producers Post Price Hikes on Tire Cord

Akron—The battle for the multimillion-dollar tire cord market was intensified last week despite price increases announced by rayon and Tyrex producers.

Facing up to the fact that they no longer can afford to cut prices to halt the inroads of nylon cord, rayon producers posted increases ranging from 1/2¢ to 1 1/2¢ per lb. This virtually signaled the end of the much-publicized price war between the still higher-priced nylon and rayon over the \$300-million-a-year market.

Tyrex, a viscose yarn said by its rayon developers to be 50% stronger than old style rayon

cords, fired right back with road test results designed to tighten rayon's claim on the truck tire portion of the market.

The Tyrex camp, appropriately making their announcement during the American Trucking Assn. convention in New York, presented figures and casings intended to demonstrate that Tyrex far outlasted nylon cord in a 100,000-mile test on drive wheels of cement trucks operated by a Dallas, Tex., trucking firm.

Road Test Results

William Dalton, president of Tyrex, Inc., said the test showed

that Tyrex-reinforced products added up to a far lower cost per mile for fleet owners. He contended that the Tyrex cord tire used in the Texas experiment still had about 79,000 more miles of useful life whereas the nylon tire that ran alongside the Tyrex product appeared ready for recapping.

Casings used in the test were of the 10.00-20 size, most popular over-the-road truck size. They were of standard manufacture and commercially available.

Moderate Rate Boosts

In the pricing arena, the Tyrex rayon boosts were described as extremely moderate. The new quotes (55¢/lb. for 1000 den. rayon cord and 49¢/lb. for 1650 den.) still leave a big price advantage with rayon over its up and coming rival nylon.

Here are the comparative statistics:

Nylon now sells for 92¢/lb. for 840 den., the most popular grade. That's still well above the 55¢/lb. quoted for the highest price of rayon.

The cost spread is reduced by the fact that 1.6 lb. of rayon is used for every pound of nylon. But even so, that only brings the equipment rayon price up to 88¢/lb. (1.6 x 55¢)—still leaving rayon with a slight cost advantage.

Gains for Nylon

Actually, even with these cost disadvantages, nylon has been gradually gaining at the expense of rayon. The only exception is original equipment tires where rayon still is virtually unopposed.

Starting from scratch just a few years ago, nylon has made comprehensive gains in these areas: Passenger cars where 52% now use nylon replacements, and heavy service replacement tires (trucks), where some 54% are made with nylon cord.

High Court to Review Two Rail Rate Cases

Washington—The U.S. Supreme Court has agreed to review two railroad rate cases affecting roads on opposite sides of the nation.

In one, the court will decide whether a group of asbestos products manufacturers with plants in the Southeast are being discriminated against because of freight rates they must pay on crude asbestos from Canadian mines. Also at issue is Interstate Commerce Commission jurisdiction over international rates.

Asbestos comes into the U.S. over Central Vermont Railway, Inc., from Canadian roads. The Thermoid Div. of H. K. Porter Co., Inc.; Raybestos-Manhattan, Inc.; Union Asbestos & Rubber Co., and Carolina Asbestos Co. are protesting the rate setup.

The second case deals with efforts by Chicago, Milwaukee, St. Paul & Pacific Railroad Co. to change the rate structure on shipments to the Far West. Purpose of the road is to become more competitive on long-haul shipments with Great Northern Railroad Co. and Northern Pacific Railroad Co. Freight rates on agricultural commodities are an important factor in this case.

ICC Warns U.S. Carriers to Quit Squabbling or Face Intervention

(Continued from page 1)
gest problems facing the nation's trucking industry.

• Common carrier groups voted funds to help support ICC efforts to curtail bootleg trucking and to work with state authorities to nab illegal truckers on the highways.

• The ATA Executive Committee, gunning for "gypsy" truck operators and illegal trucking associations, called on the federal government to enact stricter regulatory legislation.

In his blunt warning, directed at the transportation industry in general and truckers in particular, Walrath declared the carriers must stop their family feuding or face more government control. The transportation industry, he said, is in a "real crisis" with net profits for rails, truckers, barge lines, and airlines declining despite increased tonnage hauled.

Increasing costs and shippers' switching from common to private carriage—particularly for profit-producing, high-value goods—are principal causes behind this situation, Walrath said. He chided shippers for not participating more actively in transportation industry affairs.

Presenting his own inventory of problems of the \$26-billion trucking industry, ATA President Frantz pinpointed these areas of "genuine concern": destructive freight rate warfare, legalized common ownership, piggyback practices, restrictive legislation, all cargo rates, and new competitive taxation.

Walrath predicted that common carrier efforts to solve their financial plight by hiking freight rates and fighting a "desperation" battle to take traffic away from each other will fail. "If the situation of the common carrier gets bad enough," he said, "the next step would be for the federal government to bail them out in some fashion—even, if necessary, to operate the lines."

Rails and truckers must coordinate their services to lure shippers away from "do-it-yourself" transportation, Walrath said. And the way to do it, he said, is to give shippers "the same or greater flexibility and tailored services at comparable costs" than they can obtain from their own fleets.

This means rails, trucks, barge lines, airlines, and pipelines must offer shippers joint service that will enable them to combine what-

ever modes of common carriage will give them the quickest and cheapest transportation, he said.

Walrath repeated previous ICC warnings of more vigorous ICC action in these areas:

• Crackdown on illegal operations such as questionable leasing devices, buy-sell arrangements, bogus private carriers, etc.

• Expanded enforcement of regulations with prosecution of both carrier and shipper.

• A more sympathetic attitude toward coordination, interchange, and mergers.

It may be, Walrath said, "that only shippers can determine the

Freight Rate Hikes

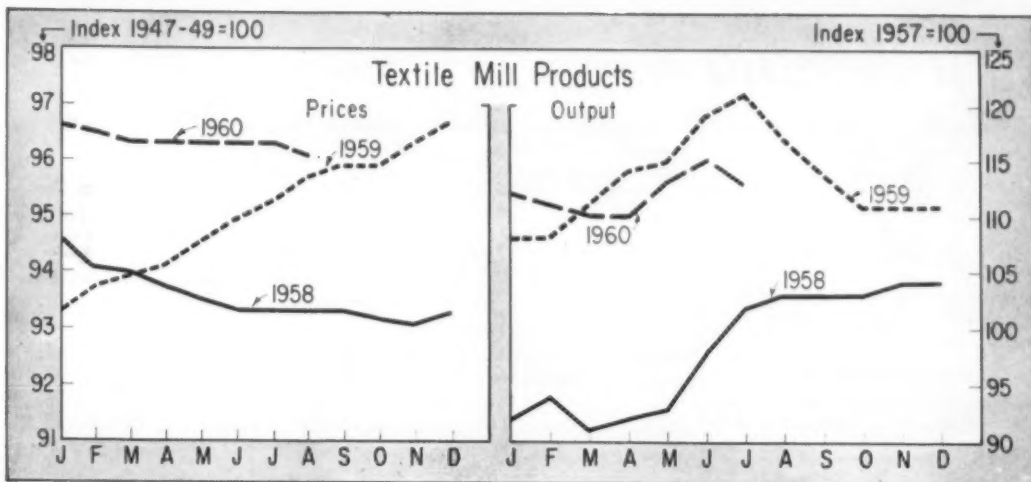
Washington—Pending week-end action by the Interstate Commerce Commission, general freight rate increases (averaging around 1%) and changes in various service charges were scheduled to go into effect today on railroads throughout the country.

At last week's ICC hearings on the new rates (see P.W., Sept. 5, '60, p. 1), shipper opposition concentrated not on the new line-haul charges but on increases in fringe service costs—such as charges for intraplant and internal switching, loading and unloading fees, and the reduction in the amount of time boxcars may remain in ports without charge.

Shippers, meanwhile, were assured of another year of service uninterrupted by general strikes when railroad contract negotiators and five operating brotherhoods agree to let a special Presidential commission recommend settlement of the industry's "featherbedding" dispute. The commission's report will be due in December, 1961, but will not be necessarily binding.

future of transportation—first by deciding what they want and enforcing the issue."

For example: If a large group of shippers were to provide themselves with standardized containers to be used uniformly for tender of freights susceptible to such packaging and then insisted upon flexible routing of their own choice, Walrath doubts that carriers could long resist a demand for "proper joint rates."



Buyer's Market Looms for Textiles After Seasonal Demand Tapers Off

New York—Textile buyers should be in a much better bargaining position by the first of next year, despite the current seasonal upswing in demand.

Industry observers are pointing to a number of signs that indicate textile producers will be wooing P.A.'s with lower prices on quantity purchases in both consumer and industrial areas. They cite these two major factors to support their view:

• **The textile cycle.** The in-

dustry is still on the declining side of the traditional textile business cycle. As the chart (left) shows, production started up in March of '58, peaked out in July of '59, and has declined since to about 7% below last year's level.

Prices peaked out at the very end of last year and are still some 2% above year-ago figures. There is nothing on the horizon to indicate that the downward drift won't continue.

• **Producer situation.** Producers won't be averse to making price concessions where necessary, because they are in a much better position than in previous downswings to meet the expected decline in demand—which many of them feel will be mild and brief.

(1) Mill inventories are not excessive as compared to other textile recessions. For the first time producers have started curtailing production in anticipation of falling demand, rather than letting high-inventory pressure dictate their production cuts.

(2) Modernization programs have been, and are, going on a large scale, thus putting producers in good shape to cut costs. Some observers have interpreted recent increases in textile machinery orders as a sign that the industry expected a pickup in demand, but many industry insiders view it as a strengthening of defensive positions.

(3) Mill profits are reported still in pretty good shape, despite the fact that there has been some narrowing of profit margins.

The declining trend was obscured for some P.A.'s who, after paring their textile inventories, were reported to have been caught short in the consumer textiles buying spurt that preceded the winter selling season.

"Cotton cloth and flannelettes are holding firm on a spot basis," commented the vice-president of a good-sized Eastern producer last week. "Some buyers have to wait till Dec. 1 for delivery. New orders went above year-ago levels for the first time since the first quarter."

"But futures prices for most textiles are off," he continued, "and the mills are producing on the basis of a letdown after the winter season."

Informed industry opinion holds the same view for industrial textiles despite the fact that a modest seasonal pickup is going on in sales to the auto industry and in demand for scrim, protective coverings, awnings, and tarps.

The lack of optimism in the industrial textile sector stems from two developments:

• **Compact popularity.** The growing inroads that compact cars are making in the U.S. car market means less demand for textiles. Figures show that textile requirements per compact are anywhere from 25% to 38% less than for standard-sized cars. Thus, the seasonal lift given to the industry during the new-model production period is considerably less than formerly.

• **Inventory cutting.** "Industrial buyers are still paring down their textile inventories," observed the spokesman of a large industrial textiles producer. "And they will likely continue to be bashful after the first of the year."



INTERNATIONAL PAPER—The Ultimate Source

New paper withstands 90% humidity for 360 hours

(More packaging news from International Paper)

Read how this new moneysaving kraft paper withstood two weeks of constant high humidity.

To prove the moisture-resistant quality of International Paper's new Hy-poly kraft, we subjected it to this severe test.

The Hy-poly bag was filled with an extremely hygroscopic chemical and steamed in 90% relative humidity at 100° F. for 360 hours. (Unprotected, under these conditions, the test chemical takes on 2½ times its weight in water in about one hour.) When the bag was opened, 15 days later, the crystals were as dry as sand.

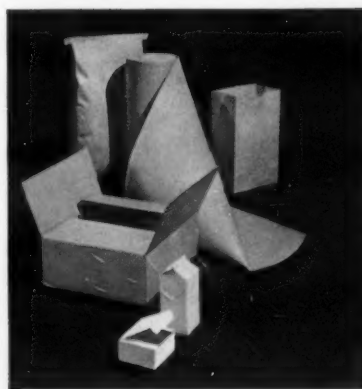
New Hy-poly not only resists humidity, it saves you money, too. From \$2 to \$16 per thou-

sand multiwalls. And with a coating about half as thick as medium- and low-density sheets, you get equal, if not greater, moisture-vapor protection.

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Meetings You May Want to Attend

Previously Listed

OCTOBER

National Institute of Governmental Purchasing—15th Annual Conference and Products Exhibit, Hotel Shoreham, Washington, D. C., Oct. 23-26.

National Electrical Contractors Association—1960 Annual Convention, Las Vegas Convention Center, Las Vegas, Nev., Oct. 23-27.

National Business Show—Coliseum, New York, Oct. 24-28.

11th Annual Conference on Standards—American Standards Association, Sheraton-Atlantic Hotel, New York, Oct. 25-27.

Chemical Buyers Group of NAPA—Fall Conference, Pick Congress Hotel, Chicago, Oct. 26-27.

American Institute of Electrical Engineers Exhibition—Bellevue-Stratford Hotel, Philadelphia, Oct. 26-28.

14th Annual Automatic Vending Convention & Exhibit—Exhibition Hall and Fontainebleu Hotel, Miami Beach, Oct. 28-Nov. 2.

NOVEMBER

National Business Equipment Exposition—Memorial Sports Arena, Los Angeles, Nov. 1-4.

12th Annual Serv-A-Show & Industrial Exhibit—Toledo Civic Auditorium, Toledo, Ohio, November 2-4.

National Technical Conference & Exhibit—American Production & Inventory Control Society, Sheraton-Cadillac Hotel, Detroit, Nov. 2-4.

Air Conditioning & Refrigeration Institute Exposition—Convention Hall, Atlantic City, Nov. 2-5.

Materials Handling Institute's Central States Show—Kentucky Fair & Exposition Center, Louisville, Ky., Nov. 8-10.

First National Die Casting Exposition & Congress—Detroit Artillery Armory, Detroit, Mich., Nov. 8-11.

National Hotel Exposition—Coliseum, New York, Nov. 14-17.

Western Tool Show & Semi-Annual Convention—American Society of Tool Engineers, Ambassador Hotel and Los Angeles Sports Arena, Los Angeles, Nov. 14-18.

Office Buyers Conference—NAPA Office Buyers Group, The University Club, Boston, Mass., Nov. 16-17.

International Automation Exposition

& Congress—Trade Show Building, New York, Nov. 6-20.

Electrical & Home Appliance Show—Electrical Building, Balboa Park, San Diego, Calif., Nov. 25-30.

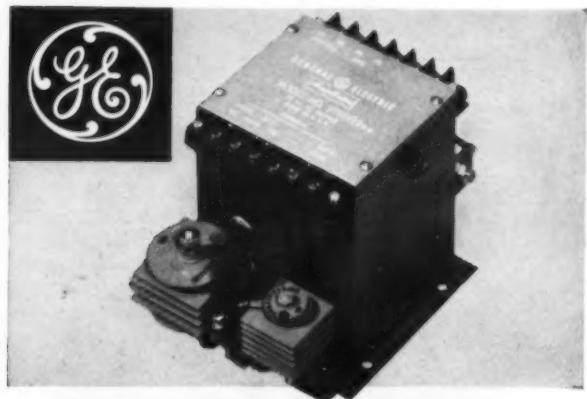
24th National Exposition of Power & Mechanical Engineering—Coliseum, New York, Nov. 28-Dec. 2.

DECEMBER

Fleet Maintenance Exposition—Private Truck Council of America, Inc., Coliseum, New York, Dec. 5-8.

Atomfair West—1st West Coast Nuclear Industrial Exposition, Mark Hopkins & Fairmont Hotels, San Francisco, Dec. 12-15.

Industrial Building Exposition & Congress—The Coliseum, New York, Dec. 12-15.



Amplistat Amplifiers and Amplistat Reactors

Amplistat transformers—self-saturating magnetic amplifiers—are designed for use in a wide range of control and instrumentation systems. Standard, high-gain units are available for general-purpose applications, static control systems, temperature control, and motor speed control. Amplistat reactors are also available for use with separate rectifiers.

FREE BULLETIN

For more information, request publications GEA's 6723 and 6930. General Electric Co., Section 413-04, Schenectady 5, N. Y.

GENERAL ELECTRIC

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New Books

Effective Business Speech, by William Phillips Sandford and Willard Hayes Yeager. Published by McGraw-Hill Book Co., 330 West 42nd St., New York 36, N. Y., 445 pages. Price: \$6.75.

Communication is the vital link between manager and employee—between salesman and customer. This book discusses all kinds of oral communications and gives down-to-earth hints on how to "get your point across." Topics covered range all the way from an impromptu speech to fellow employees to making formal presentations before the board of directors.

The authors also explore the areas of interviewing, business conferences, and salesmanship. A transcript of a typical "brainstorming session" is included to demonstrate this new communications tool. Part I explains the basic principles that apply to any business speech problem, Part II treats business talks in detail, and Part III takes a close-up look at interviews, conferences, and discussions.

From the Manufacturers

Lighting Panels

Illustrates use of glass in several lighting installations, giving information on lighting panels and fixtures, design, etc. (18 pages). *Lighting Sales Dept., Corning Glass Works, Corning, N. Y.*

Vacuum Hose

Gives information on company's complete line of flexible plastic vacuum hose. Contains diameters, lengths, construction details, etc. (8 pages). *Dayton Dayflex Plastics Co., Dayton 1, Ohio.*

Plant Heating

Describes plant heating problems in metalworking industry, and solutions offered by overhead recirculating heaters, fresh air supply heaters, and door heaters. Diagrams are given to illustrate various applications. Bulletin MW1-60 (4 pages). *L. J. Wing Mfg. Co., Linden, N. J.*



ALCOA'S JOBBING DIVISION CAN HELP KEEP THE FLAME HOT!

Because its own facilities were booked solid, Warner Lewis Company, Division of Fram Corporation, Tulsa, Okla., called Alcoa's Jobbing Division for help on a "hot" Air Force contract. Alcoa reviewed the design, produced critical parts for a Liquid Jet Fuel Filter-Separator which removes contaminants that cause "flame-out" when the plane is air-borne. Lightweight aluminum resists corrosion, does not react with jet fuel and is ideally suited for maintaining 100 per cent free water removal demanded by the specifications.

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New Aluminum Can with Tab Lid Makes Bow

Massillon, Ohio—Three companies have teamed up to develop an aluminum can with easy-to-open lid that they claim costs no more than similar tinplate containers.

The new can, which is similar in principle to Alcoa's Safe Pack (see P. W., Sept. 12, '60, p. 3), comes in three basic sizes, up to a maximum of 3 $\frac{7}{8}$ -in. dia. by 3 $\frac{3}{4}$ in. high. It weighs approximately one-third as much as similar tinplate containers and may be stored for indefinite periods without danger of rust.

The latest entry in the seesaw battle between aluminum and tinplate producers to capture a bigger share of the container market resulted from more than three years of joint research by Central States Can Corp., E. F. Bliss Co., and Kaiser Aluminum.

The Central States can embodies a tab that is pulled to remove the top easily. The opening principle is adaptable to other design aluminum cans, and the lid may also be used on composite cans that have bodies of other materials. The tear strip is constructed so that there are no sharp edges remaining on the lid, eliminating danger of cutting fingers. The lid itself has a deep,

counter sunk shape so it may be placed back on the can, as a snug-fitting plug.

The entire can line is completely automatic, with one operator and a packer handling all the operations for a production run of 200 to 240 cans per minute.

The fabricating equipment, which is manufactured and installed by Bliss, is composed of three basic units.

During the first stage, coated aluminum coil is blanked and the initial draw—up to one-

half the diameter of the final can—is made for cans of greater height. The second draw is completed on an automatic redraw press, specially designed by Bliss. Trimming and flanging operations complete the can.

Covers are conventionally produced, and normal double seaming operations are used for closing operations.

Central States is the only can maker using the Bliss equipment so far, but the press company is ready to talk terms with interested parties.



ALUMINUM TAB CANS: Variety of sizes (left) can be blanked and drawn at 200-240-a-minute rate on Bliss 60-ton coil-fed press (right).

Armco Brings Out Alloy For Anti-Smog Devices On Automobile Exhausts

Middletown, Ohio — Armco Steel Co. has announced a new alloy designed specifically for use in automobile anti-smog devices.

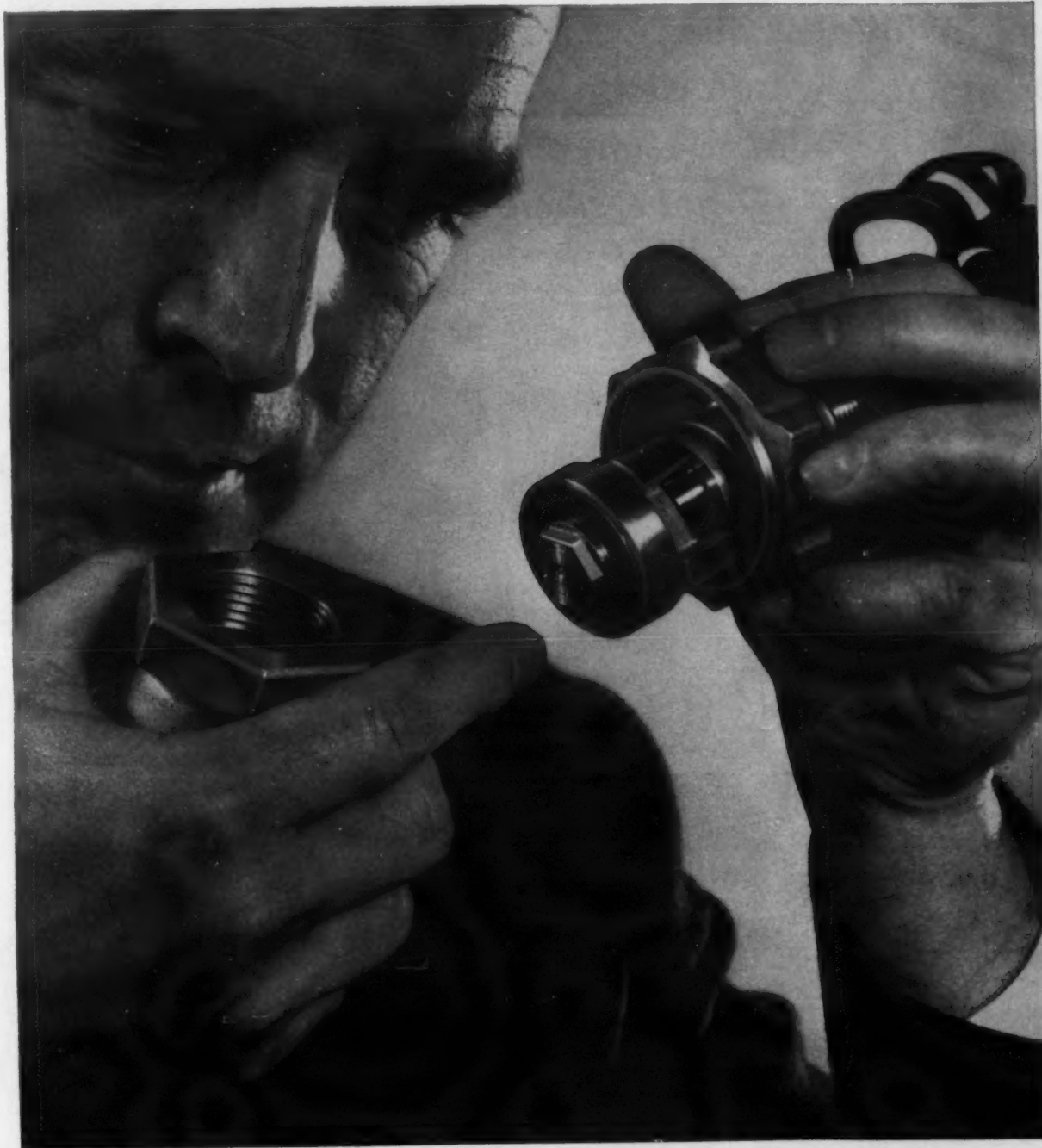
A score or more of companies are working full speed on development of anti-smog automobile exhaust equipment in a race for the multimillion-dollar jackpot awaiting the first firms to come out with an acceptable exhaust control attachment at a nonprohibitive cost.

California added urgency to the research and development last April by passing a law making anti-smog devices mandatory on new vehicles within a year after the first two makes are approved by state officials.

Armco said its new alloy steel was developed specifically for devices being developed to meet the requirements of California's new air pollution legislation (elimination of 90% of unburned hydrocarbons and carbon monoxide) and that its cost would be substantially less than that of other materials now being evaluated.

J. P. Butterfield, stainless steel product manager for Armco, said the new proprietary grade of steel is nominally 21% chromium, 6% nickel, 9% manganese (21-6-9) with a base price of 72.25¢/lb. for sheets and cold-rolled strip. He predicted that 21-6-9 will see broad application for both catalytic and afterburner type devices for inner containers, catalyst supports, heat exchanger parts, baffles and supports, and in other parts where temperatures exceed 1650F.

Whether they use the catalytic principle or a thermo afterburner, automobile anti-smog attachments require material that maintains high strength at high temperatures, good heat and corrosion resistance, and resistance to lead salts.



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Industry News in Brief

B. B. Chemical Dedicates

Middleton, Mass.—B. B. Chemical Co., subsidiary of United Shoe Machinery Corp., has dedicated a new industrial chemicals plant here.

The plant will produce high polymer resins for use in coatings and adhesives.

Frink Recovers From Fire

Clayton, N.Y.—Frink Snow-Plow, Inc., which was devastated

last month by an \$800,000 fire, is practically back in full-scale production despite the lack of a roof over two-thirds of the plant.

Company officials expect to have the plant fully enclosed before winter weather arrives by using prefabricated materials.

Permanente Opens Plant

San Francisco—Permanente Cement Co., Oakland, has opened a new bulk cement distribution plant in Eureka, Calif.

The \$125,000 facility has a storage capacity of 6,000 barrels and is the first of its kind in the area.

The plant will distribute cement to customers in northern California and southern Oregon.

Superior Changes Name

Milwaukee—Superior Die Set Corp. is the new name for Superior Steel Products Corp., manufacturers of precision steel die sets.

The name change was made to

better identify the firm with the manufacture of die sets, a spokesman said. The firm's newly opened plant in Cheshire, Conn., will be known as Superior Die Set Corp., Eastern Division.

Alcoa Delays Badin Program

Badin, N.C.—The Aluminum Co. of America has postponed a \$22-million modernization program at the Badin Smelting Works because of unfavorable business conditions.

J. B. Holmes, Alcoa vice-president and plant manager, said, "Due to business conditions at the present time, the moderniza-

tion has been delayed. When business conditions warrant we expect to resume the program."

Paper Mill Expands

Bellingham, Wash.—Puget Sound Pulp & Timber Co. plans to spend \$1,250,000 to expand production of Pacific Coast Paper Mills.

The expansion will include modernization of two paper making machines, construction of new converting and storage facilities and installation of additional converting machinery.

New Cleco Product Line

Houston—Cleco Air Tools, division of Reed Roller Bit Co., has invested more than \$200,000 on expanded facilities to produce hard metals for general industry.

A spokesman said the hard metals will be marketed under the name Clement Products. First of the new product line will be a granular tungsten carbide called Clec-ite.

Moseley Completes Plant

Pasadena, Calif.—F. L. Moseley Co. has completed a 30,000 sq. ft. plant to manufacture precision recorders.

The firm, a subsidiary of Hewlett-Packard Co., has located the plant adjacent to Moseley's headquarters building at 409 North Fair Oaks Ave.

Latrobe Opens Center

Grand Rapids, Mich.—Latrobe Steel Co. has opened a steel service center here for the warehousing and distribution of tool, die and specialty steels.

Located at 100 Walbridge, N. W., the distribution center will serve customers in the western and northern sections of Michigan. The new site is the 13th in Latrobe's network of distribution points.

Chain Belt Names Distributor

Milwaukee—Palmer Bearing Co. of McKeesport, Pa. has been named a full line distributor for Chain Belt Co.

The new sales agent will serve 13 Pennsylvania counties, five counties in West Virginia and one in Ohio.

Harvey to Build

Torrance, Calif.—Harvey Aluminum will build a new reduction plant in the Northwest and use power supplied by the Bonneville Power Administration.

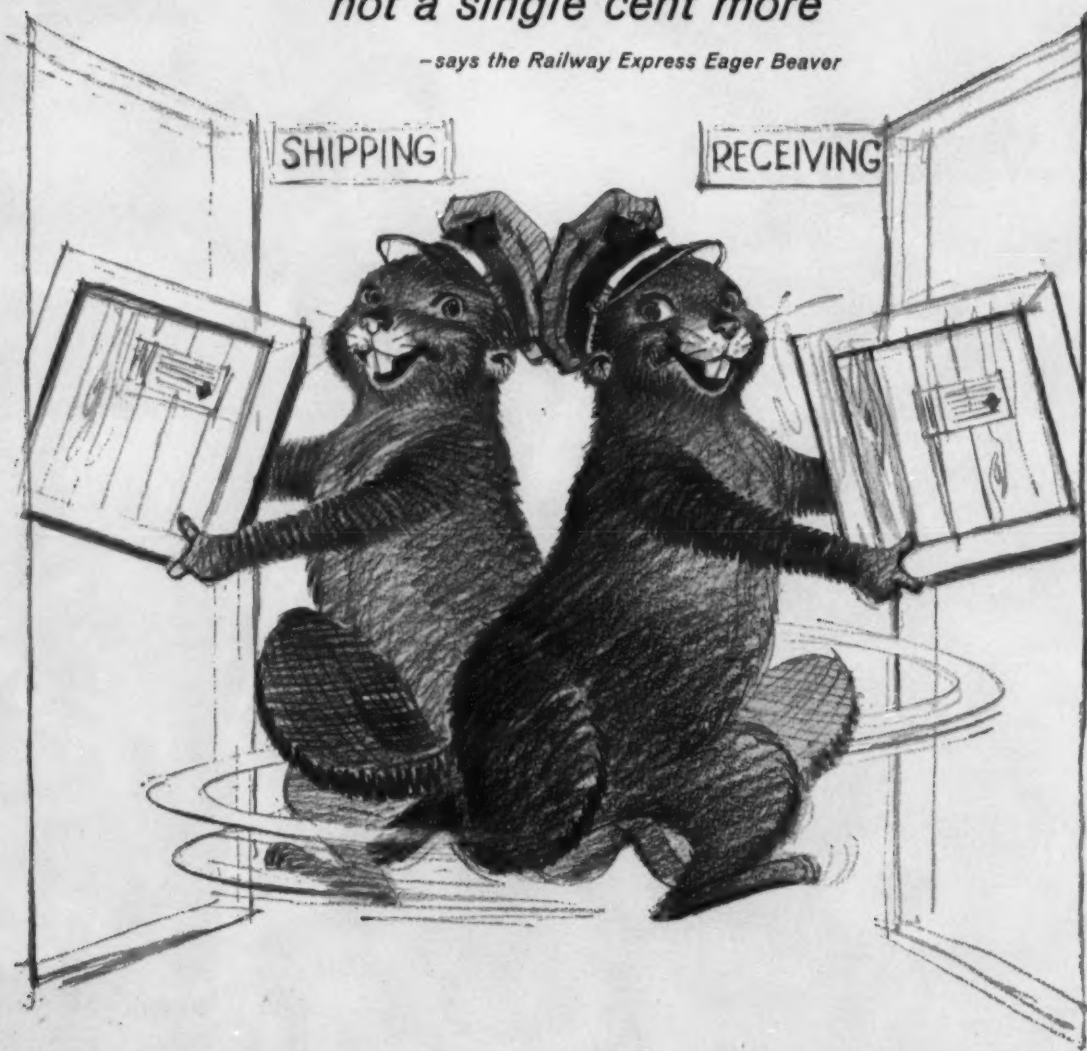
The company and the government body have signed a 20-year contract calling for the power delivery.

Selection of the site will be made by July 1 of next year, with scheduled operation of the aluminum plant by 1963.

Harvey's board of directors has authorized the construction of the first phase of a sheet, plate and strip mill to produce standard mill products in all commercial alloys. The additional facilities will boost Harvey's output from present 60,000 tons annually to 150,000 tons.

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RAIL • AIR • SEA • HIGHWAY

RCA Brings Out Series of Seven Low-Cost EDP Systems for Banks

Los Angeles—RCA has come up with seven new data processing systems aimed at cutting paper-work costs of moderate volume banks.

George E. Dashiell, division vice president, announced the seven 301 banking systems at the annual meeting of the National Assn. of Bank Auditors and Controllers. The new equipment, he said, "was designed to make available complete data processing abilities at low cost, providing the moderate volume bank with complete solution to its EDP problems."

RCA said the new basic system leases for about \$1,000 per month less than the nearest competitive system and about \$2,000 less than existing full EPD systems available to banks.

The seven systems are variations on the basic equipment designed to handle from 8,000 to 150,000 demand deposits. For basic system, rental of the new RCA equipment is about \$3,300 per month. Formerly full EDP systems leased from \$5,000 up. The new figure is also under the

\$4,000 rental costs for tab equipment, which has no computation capability and requires more manual labor.

The cost of the 301 systems is kept low through modular design, which provides only the electronic equipment needed to do a particular volume job, Dashiell told the meeting.

In this way the bank orders only the equipment it needs without paying for additional unused capacity.

VENDOR VISIT DRAWS AWARD: J. P. Benzie, GE mgr. of purchasing, presents scale model of Thor missile to James Latimer (second from left), industry sales representative for General Radio Supply Co., Camden, marking the 10,000th vendor visit to GE's Missile and Space Vehicle plant this year. Visits, sponsored by purchasing, are part of a continuing program to improve relations with suppliers and small business. At left is Walter J. Kinsey, mgr. of development manufacturing; at right is Walter Berlinger, co-owner of General Radio.



Increasing efficiency of industrial systems with precise information in concise form

Dennison Manifold Tag, consisting of tag and four slips, controls and records a complicated material correction process. Measuring 10 1/4" x 3 1/4", it provides space for legible information covering routing, shop accounting, material replacement, production control, inventory control, extra work planning and quality control.

Assembly Order Manifold Tag, an example of Dennison's use of NCR tag stock and paper, combines tag and two slips to communicate information in the neatest, most orderly way. Its actual size is 4" x 9" . . . providing room for about 50 legible entries.

Inventory Manifold Tag, 3 1/4" x 6 1/4" in size, further demonstrates the versatility of Dennison's capabilities with NCR stock. In this case only two legible smudge-free copies are required.

How complicated are your systems?

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NCR Manifold Tags represent one of the most successful means of simplifying complicated communication and recording problems. This "No Carbon Required" multi-copy method . . . made possible by chemicals patented by National Cash Register Company . . . assures smudge-free legibility of up to 7 typewritten or 4 handwritten copies. Easier and cleaner to handle than manifold tags with one-time carbons, NCR manifold tags also assure clearer, neater copies.

Dennison also produces manifold tags with one-time carbons when neatness is secondary to cost. Dennison's growing list of customers for manifold tags includes leading manufacturers in textile, chemical, metal-working and other industries.

Other Tested Tag Techniques now being used by American manufacturers can also help you achieve

maximum system efficiency per tag dollar. Your Dennison Industrial Systems Representative can show you tags used to control and record every conceivable plant process or operation from receiving through shipping; single and multi-stub tags, consecutively and serially numbered; special compounds to increase resistance to handling, water, high temperature, acid, alkali and grease; patched and unpatched tags with and without string, wire or special fastening devices. And Dennison can create the tag that's right for you.

To Make a Date, contact the Dennison Sales Office nearest you, or write to Industrial Products Division, Dennison Manufacturing Co.

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Sales offices in principal cities

New Silicon Transistor

Phoenix — Motorola's semiconductor division has begun production of a new type of silicon mesa transistor of high reliability and high power output.

The company claims the epitaxially grown device, the 2N834, is "vastly superior to any transistor currently in production anywhere."

The new semiconductor product is patterned after the Bell Telephone Laboratories' unit announced last June.

Price of the device is \$18 in 100 up OEM quantities.

P/W MANAGEMENT MEMOS

A collection of timely tips, quotations, and inside slants on management and industrial developments, along with a run-down of events and trends of use to the purchasing agent.

Nothing Sacred

Scientists in their zeal for absolute knowledge are putting virtually everything under their microscopes these days—and now it may be the turn of the intuitive faculty.

Prof. Jerome S. Bruner, a Harvard psychologist, has issued a call for scientists to launch a massive probe of the intuitive process—on the grounds that it's an essential element in productive thinking that has been shamefully neglected by American educators.

"The shrewd guess, the fertile hypothesis, the courageous leap to a tentative conclusion—these are the most valuable coin of the thinker at work, whatever his line of work," the professor writes in his book, "The Process of Education" (Harvard University Press).

What is badly needed today, he maintains, is a major research effort to uncover the hidden springs that produce intuitive thinking so that we can "develop the intuitive gifts of our students from the earliest grades onwards."

To stimulate intuitive thinking, Prof. Bruner says, teachers should encourage guessing followed up by as much verification and confirmation as needed. They also should attempt to instill self-confidence in the student, because intuitive thinking "requires a willingness to make honest mistakes in the effort to solve problems."

Wake Up and Live

We are all specialists, says Stuart Chase, living in an age of perpetual crisis, unable to communicate with other specialists outside of our own narrow breed.

But scientific knowledge continues to pile up at an exponential rate and unless we find a way to turn out more generalists (i.e., people with the over-all view) as well as specialists who possess a body of general knowledge, we are in danger of being swamped by the excess.

The problem is not only cultural—it has threatening implications for business, too, according to Chase. Writing in the IBM magazine *Think*, Chase warns that the expert with the worm's eye view of things may be in for a nasty jolt as businessmen become more and more aware of the need for people with professional training broad and flexible enough to cope with complications of a technological society.

It's no longer good enough for a top manager to have knowledge in a specialized field alone. To make major

decisions he must have at least a nodding acquaintance with these seven areas of knowledge:

- (1) The state of labor management relations; improved communication; best method for introducing automation, etc.
- (2) Customer relations; competitive situation; changes in consumer demand; advertising programs.
- (3) Suppliers; the raw material situation; accessory producers; bottlenecks.
- (4) Community problems — housing, zoning, schools, taxes.
- (5) The state of the economy, economic trends and their probable effect on the company.
- (6) U.S. government policy, regulations, taxes, congressional action, Supreme Court decisions, etc.
- (7) The foreign situation.

There's no easy road to becoming a generalist, but the way to start is by recognizing the need for broadening one's horizons. Chase quotes one generalist who is also a learned specialist:

"Wake up! Live at the level of your time! Crawl out of that talent trap which you refer to as your 'field' and look around. You may learn something about the only era you will ever live in, and about the only species you will ever be a member of."

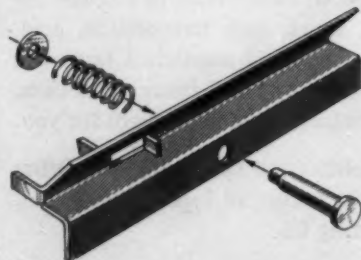
Orchids and Brickbats

The P.A.'s greatest weakness is his lack of a working knowledge of technical matters. To avoid blunders, the uninformed P.A. is often timid and indecisive and—what is even worse—invariably buys the item with the lower tag, even when the higher priced item is better for his purpose and would actually lower costs in the long run.

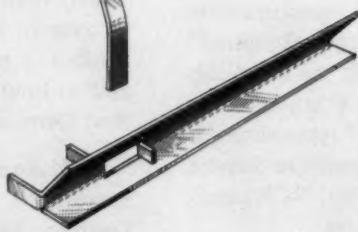
That's how a group of salesmen recently surveyed by *American Salesman* magazine rate the P.A.'s they do business with. In addition, the survey showed that most salesmen are reluctant to keep P.A.'s posted on their sales progress with technical departments for fear that the purchasing agents will attempt to take over in a field where he may not be competent to make a decision. On the plus side:

- An overwhelming majority—92%—rated the P.A. as cooperative in introducing the salesmen to design engineers and other technical people.
- A similar percentage agreed there is no substitute for the P.A. when it comes to getting orders and re-orders, or discussing price.

WHAT VALUE ANALYSIS CAN DO FOR YOU



BEFORE ANALYSIS: Slide bar for electric switch was made as four-piece assembly including a spring held by a washer and special rivet.



AFTER ANALYSIS: Redesigned as a two-part assembly using a steel strip spring; this eliminated two parts and simplified assembly.

Source: Overhead Door Corp., Hartford City, Ind.

TECHNIQUE:

Replace assemblies with single part that does the same function

SAVINGS:

Part cost cut 48%
(4.6¢ to 2.4¢)

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PURCHASING WEEK ASKS . . .

What are the most important factors you consider in evaluating a vendor's performance?

Question asked by: H. P. Rosen, Purchasing Agent
Pacific Semiconductors, Inc., Lawndale, Calif.



Shelley Detrick, buyer, Hewlett-Packard Co., Palo Alto, Calif.:

"We evaluate our suppliers in three areas: service, quality, and price. Because we do not buy price, service is the nucleus and key word of vendor evaluation. We believe quality and price are within service. But when we speak of judging a vendor on service, we are not only concerned with our department relationships with the supplier, but vendor attention to expediting, receiving, accounting, inventory, quality control, engineering, and traffic. One can imagine thousands of examples where correct service to these areas has led to huge savings."



W. H. Conant, director of purchases, Weldon Tool Co., Cleveland:

"We have a careful record system to rate vendors. During the year we accumulate notations on special vendors' cards and check each on six specific areas: (1) Sales presentation—is the vendor's salesman familiar with product and call as specified? (2) Quotations—is vendor quoting promptly and properly? (3) Purchase order service and acknowledgement; (4) Delivery; (5) Quality—number of rejections; (6) Price—always the last. As long as vendor's price is in line, the other factors are more important. At yearend we compile these notes and rate each vendor."



W. D. Wilson, chief purchasing agent, Bell Helicopter Co., Fort Worth, Tex.:

"Principal factors considered are quality, delivery, and price. The degree of consideration given each varies with the product, its important in the end product, and its susceptibility to price variation. A continuous record of vendor high quality performance is, in our business, a paramount factor in considering said source for additional business. But the delivery and price cannot be overlooked. Lesser factors also are considered, such as contributions to various design and development projects, cooperative attitude in times of adversity and financial stability."



M. L. Cowan, material manager, Librascope Div., General Precision, Inc., Glendale, Calif.:

"We consider the following five factors as critically important: (1) quality, (2) delivery dependability, (3) competitive pricing, (4) communication and cooperation, and (5) financial stability. These are not listed in a descending order of importance with one exception—we rate quality as the most significant single factor. Rigid military specifications require use of high quality products and materials. As subfactors, we also consider a vendor's plant location and facilities, integration of operations, lead-time requirement, transportation costs, etc."



W. J. Pierce, staff services supervisor, purchasing department, Detroit Edison Co., Detroit:

"Quality, price, and delivery. Right now delivery is the most important factor in our evaluations, because we are satisfied with the quality level of shelf items and prices also are favorable. But delivery is giving us trouble. With manufacturers competing doggedly for orders, it's hard to understand why they are unable to meet delivery dates. The big manufacturers with local sales offices are particularly troublesome. They want us to go through the local offices, but we can't get satisfaction from local people when we come in about slow delivery."

NEXT WEEK—OCT. 31

Purchasing executives answer this question:
How effective an aid do you consider a formal vendor rating system?

You can suggest a question to be answered in this department by writing:

PURCHASING WEEK Asks
330 West 42 St.
New York 36, N. Y.

Follow-Up: Letters and Comments

STRETCH Computer

Arlington, Va.

I was interested in your report on our rental of IBM's STRETCH 7030 computer (PW, Oct. 3, '60, "C-E-I-R Gets First \$10-Million IBM 'Monster'", p. 4).

There are a few points I think should be clarified.

The hourly cost for machine time has not yet been determined, but it will certainly be higher than the present rate for the IBM 7090 system (which is around \$700 per hour).

But the hourly rate is not as significant as the cost per computation. For example, when we replaced our IBM 709 with the new transistorized 7090 system, the hourly machine cost rose from \$490 per hour to \$725 per hour.

However, the actual cost per computation and per solution of a problem was cut in half because of the 7090's far greater speed.

In this case, a machine that was five

times faster resulted in a 50% cut in computing costs.

STRETCH, in turn, will be about 15 times faster than the 7090—and will result in a truly significant reduction of computing costs.

Zeke Seligsohn

Director

Technical & Public Information
C-E-I-R Inc.

Informative Series

Jackson, Mich.

The information contained in your series on the 1961 automobiles is very interesting and informative (PW, "Automobile Perspective," Sept. 19 through Oct. 17).

I am preparing a recapitulation of this information to submit in a report to our City Commission.

Lloyd M. Head

City Purchasing Agent



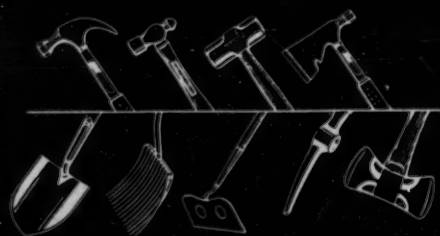
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TRUE TEMPER THE RIGHT TOOL FOR THE RIGHT JOB

Falling Productivity in Steel Industry Signals Price Rise 'Sooner or Later'

New York—Will steel industry efforts to improve production efficiency (productivity) help producers offset added wage costs of 7¢ to 13¢/hr. due Dec. 1—and thus head off a boost in prices?

That's the question steel producers and other industry observers are asking as the deadline nears.

The answer, say industry experts: **Probably not.**

Here's why.

Productivity per employee in steel usually declines in a recession or production cutback. The chart (left) tells the story of what has happened to this key measure when the economy sagged in past postwar slumps.

Note that in the 1954 downturn, output per employee in basic steel slipped about 10%. Putting this another way, labor costs per unit of steel went up by this amount.

That's a pretty hefty burden for steel to carry when business is bad. That's why that steel raised its prices by more than 3½% that year.

Much the same was true in the last recession (1957-58). The decline in output per employee at that time was almost as precipitous—on the order of 8½%.

Again we see the effect of productivity rate on prices. Thus, in the summer of 1958, the price of steel was hiked by almost 4%.

Unquestionably, when all figures are in for 1960-61 we will see a similar decline in productivity per employee—with the same results.

Other Cost Pressures

What makes the squeeze on steel even tighter is the fact that little relief can be expected in material costs, as the chart on iron ore shows.

Productivity per employee in iron mining, for example, shows an even sharper drop than for steel. So this would mitigate against any price reduction in iron ore.

Another raw material, scrap, is already around rock bottom and probably won't go lower. In fact, many dealers are grumbling about whether it's worth while to put scrap on the market at current prices.

With all these cost pressures piling up, the question then remains: Is a steel price rise inevitable?

Recent pronouncements by such top steel executives as Logan T. Johnston, president of Armco Steel Corp., indicate that it won't come in December. The reasons cited by these executives are:

- **Foreign steel** is again pressing hard on domestic producers and prices are falling.

- **Operating rates** have been hovering around 50% for the past three months.

- **Inroads by other materials**—copper, plastic, aluminum, etc.

The above factors were not evident to the same degree in past recessions.

But no matter how much pull they exert this time, industry officials claim, there's no blinking the fact that steel must have a price boost "sooner or later" if it's to maintain a healthy, normal

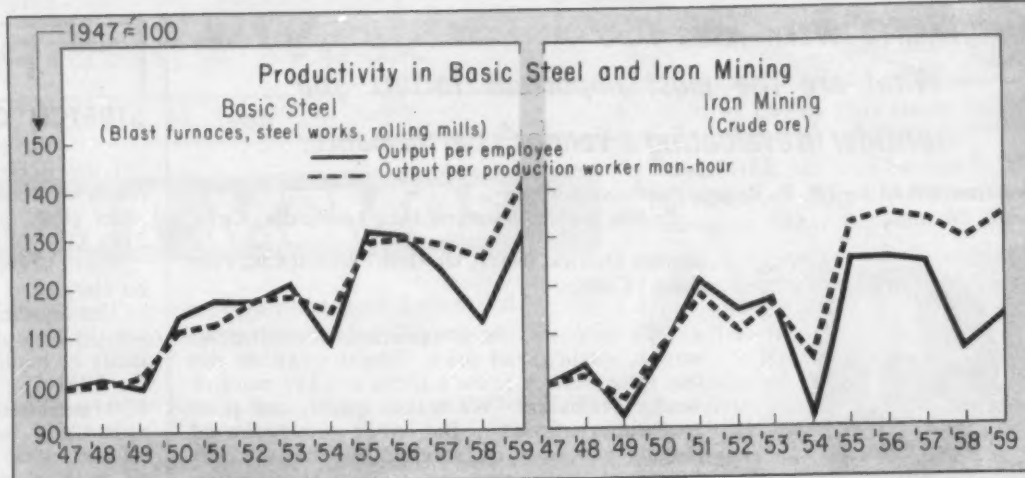
profit rate that allows for growth and development.

To sum up—the lag in steel productivity is building up cost pressures, which sooner or later must result in some sort of price increase—especially if business picks up later in 1961.

This productivity measure, of course, affects more than just steel. It operates inexorably throughout industry.

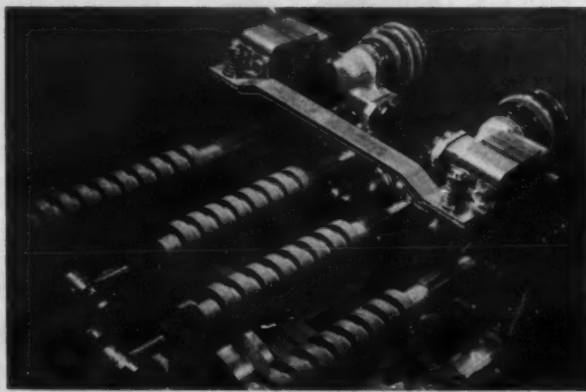
- **In anthracite mining**, for example, output per employee

(Continued on next page)



How creative suppliers help General Electric

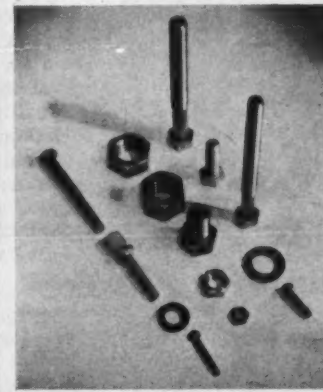
TUBULAR PUSH RODS in power transformer load-tap changers formerly required insulating inserts. The fit between the rod and the insert was critical because of the possibility of contamination and electrical creepage. A creative supplier, working with G-E engineers, designed a solid rod of impregnated and pressed wood which did not require an insert. The new, less expensive rod has improved quality by eliminating the creepage problem.



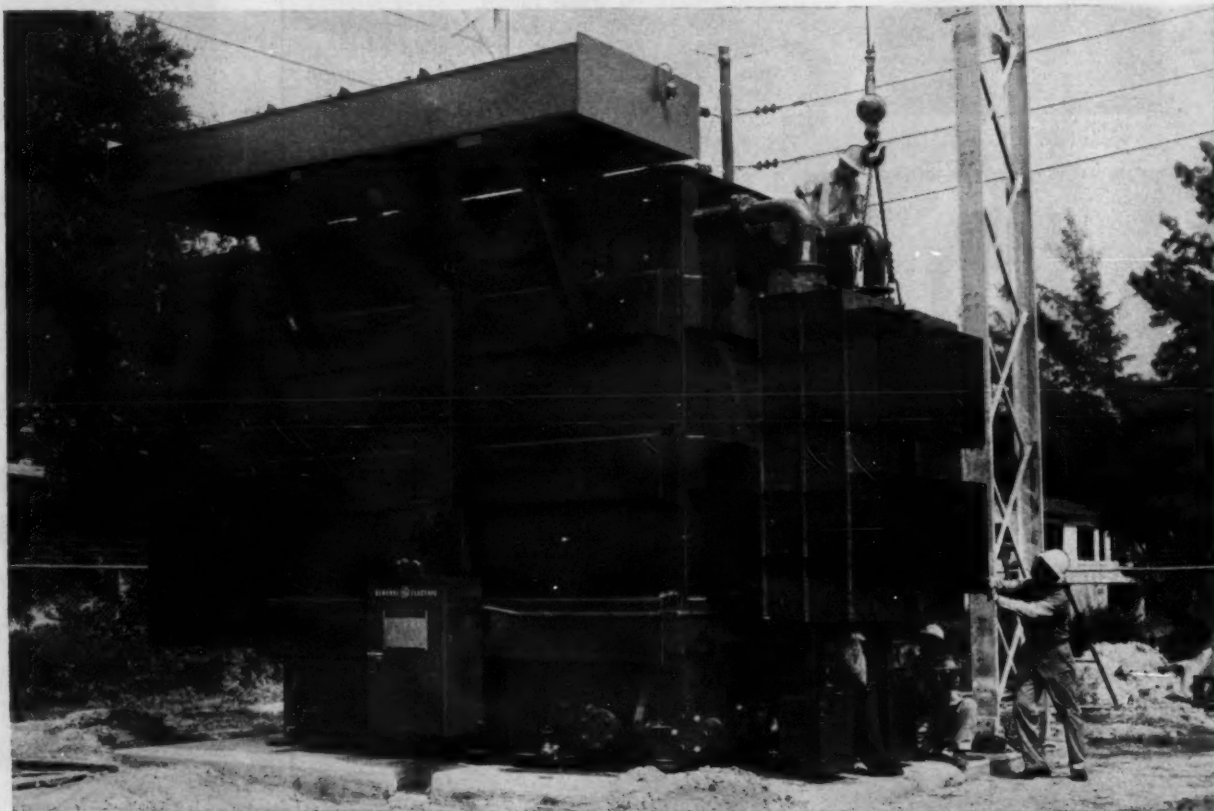
A MAJOR OIL COMPANY has established a reputation for consistently seeking to add value to its products. As an example, this supplier's traffic and shipping personnel recently worked with G-E purchasing management to develop a new method of shipping the oil used in General Electric distribution and power transformers for insulation and cooling. The result: substantially reduced base freight rates.



A MIDWEST HARDWARE SUPPLIER recently offered to establish a warehouse within overnight delivery distance of G-E's distribution transformer plant in Massachusetts and to stock hardware based on a list of estimated annual requirements. Longer production runs have enabled the supplier to reduce his prices. Additional advantages to General Electric: lower expediting costs and a much shorter delivery time.



General Electric Buys and Sells TOTAL VALUE



Public Service Urged

Seattle, Wash.—Purchasing agents were urged to devote more of their time and attention to public affairs by Dr. Orlo M. Brees, public relations representative of the National Assn. of Manufacturers.

Speaking at the October meeting of the Purchasing Agents' Assn. of Washington, Brees said businessmen fail generally to realize the amount of interaction between business and politics.

Brees told the group he saw no need for companies to give political leaves of absence or other incentives for executives engaging in politics.



DIST. 7 CONFERENCE: George Bosworth, P.A. for the city of New Orleans and chairman of NAPA Dist. 7 activities committee, gives report at meeting in Memphis of over 400 District P.A.'s Oct. 9-11.

Miami Manufacturers Get Invitation To Show Products at P.A. Meetings

Miami—In a move to encourage local industry sales, the South Florida Purchasing Agents Assn. invited members of the Greater Miami Manufacturers Assn. to attend its regular meetings and demonstrate Miami-made products.

"There are many items bought out of town that buyers would get right here if they knew they were available," said H. van der Gasst, Dade Federal Savings & Loan Assn., president of the purchas-

ing group. "It is the manufacturer's job to make himself known to these buyers, and we want to help give them the opportunity to do this."

David I. Welt, vice president of the manufacturers' association, said the arrangement paved the way for Miami firms to increase their sales.

"This is like a potential buyer inviting a salesman to come sell him something," said Welt. "It's a perfect opportunity for local industry to help itself and build more jobs, income, and tax revenue for our area."

John Berger, Dade County purchasing agent, has mailed questionnaires to other purchasing agents in the area to determine how much they spend here and elsewhere—and why.

"The results of this survey will point out the products that could be bought here," Welt said.

In some cases, local manufacturers figure they may be able to outbid out-of-town competitors even though prices of the locally made products are slightly higher.

The difference in transportation costs could very well result in the Miami manufacturer's winning a contract on competitive bidding.

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THE GREATEST TOTAL VALUE IN TRANSFORMERS

WHEN YOU BUY A TRANSFORMER from General Electric you get more than a product of the highest quality. You get *added values* such as research and development, advanced concepts of quality control, engineering assistance, and complete after-sale service facilities. Result: the greatest *total value* in transformers.

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THE THREE EXAMPLES on the left-hand page illustrate how the added values of three of General Electric's 45,000 suppliers have helped the Company to reduce transformer prices. The product values and added values of these suppliers are passed on to General Electric's transformer customers, along with the Company's own unique contributions in design, manufacture, and added values. As a result, these customers get the greatest total value in Permalex* distribution transformers, which offer 12% greater kva capacity at no extra cost—and Preferred Design power transformers, which combat costs through a combination of uniform features and complete electrical flexibility.

PRODUCTIVE PURCHASING, *An Approach to the Systematic Appraisal of TOTAL VALUE*, is a booklet you will want to read. Write General Electric Co., Section 666-05, Schenectady 5, N. Y., and ask for GED-3877.

*Registered trade-mark of General Electric Company.

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Manufacturing economies have helped lower the prices of G.E.'s Preferred Design power transformers. The 20,000-kva unit at left is being installed by Tampa Electric Company.

New dual-rating of General Electric Permalex distribution transformers lets you use 12% higher kva capacity (28 kva from the unit at right, ASA-rated at 25 kva).



Steel Productivity Drop Signals Rise in Prices

(Continued from page 12)
dipped from 133.6 (1947-100) in 1956—to 120.7 in 1957.

• **In copper**, much the same is true—if you look at the '53 and '54 recessions. Output per employee in 1952 hit 118.0, but by 1954 it was down to 105.0.

• **Another example:** lead and zinc mining. From a productivity index of 103.0 in 1956, it tumbled to 96.6 in 1957.

• **Examples are also numerous in the non-metal field.** Thus, in hydraulic cement, productivity declined from 163.0 in 1956 to 152.3 in 1957.

Basic Cost Element

The foregoing analysis is geared to output per employee—which is the basic cost element. You get a much more realistic picture from this index than when you look at the output per production worker only.

That's because the output of production workers is not affected nearly so much by capacity variations as is the figure for over-all employee output. Reason for this is that production workers are laid off much more readily (as capacity goes down) than white collar and other overhead workers.

This can be seen from the chart, which shows that only fractional drops in output per production worker were recorded in recession periods, compared to sharp drops in output per over-all employee.

Thus, considering the effect of productivity on prices, two factors stand out—capacity and overhead costs. It's not so much the output of production workers that counts where prices are concerned but the ability of any industry to maintain high capacity—or to be able to cut overhead when capacity falls.

Waterways Groups Meet

Chicago—Shippers, carriers, trade groups, and port authorities have organized a new group to promote the over-all interest in American waterways and fight moves to tax inland water traffic.

The nonprofit organization, called the National Waterways Conference, Inc., will carry on research and promotion of economics and values of waterway use.

More than 100 public and private groups participated in the organizational meeting sponsored by the American Waterways Operators, Inc., of Washington.



JEEP FLEETVAN: Latest addition to Willys family of Jeeps is a parcel delivery vehicle for city service. Built on 80-in. wheelbase, it has over-all length of 133 in., is powered by a four-cylinder, 72-hp. engine.

Willys Unveils New Fleetvan Truck, Latest Addition to the Family of Jeeps

Toledo — The new Willys "Fleetvan" truck, a parcel delivery vehicle designed for city service, was unveiled at the Detroit Auto Show.

The new vehicle, which began life as a design for 4,000-unit Post Office order, will become part of Willys family of Jeeps, with initial delivery scheduled in November. Value of the Post Office order is \$7.7-million, or \$1,925 per vehicle.

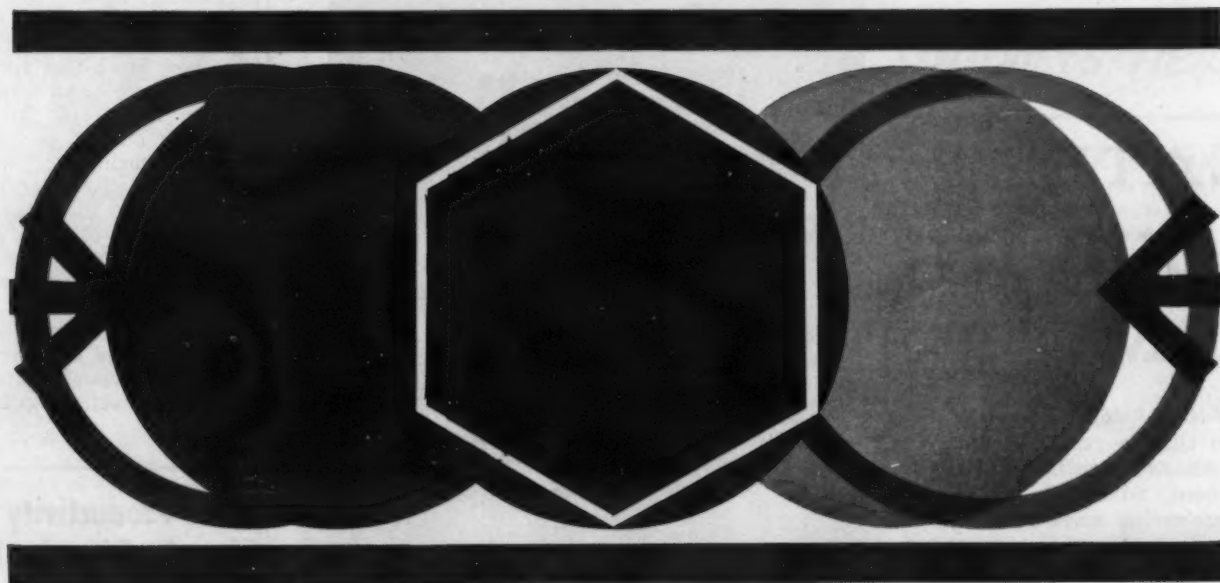
The Fleetvan is built on an 80-

in. wheelbase and has an over-all length of only 133 in., insuring maximum maneuverability. It is powered by a four-cylinder F-head engine, which develops 72 hp.

The new vehicles feature "Vista-Vision" type of front-end construction, have over 100 cu. ft. of cargo space, and load capacity of 1,000 lb. They are equipped with automatic transmission, a new type accelerator for sit or stand operation, and a one-piece roll-up rear door.

A big Willys advantage, compared to Ford Econoline and Corvair 95 vehicles, is its non-unitized construction. This permits body builders to fashion specialized units to meet any industry needs on the stripped Fleetvan chassis.

Other Willys units displayed at the show include the ubiquitous CJ5 Jeep, four-wheel drive pickups ranging up to 9,000-lb. GVW and a fringed-top "Jeep Surrey" designed for resort rental service.



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Reason 3. Blooms are scalped to remove all surface irregularities and defects.

Reason 4. All blooms are cleaned, etched, inspected and coated with a special lubricant.

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TWA, Railway Express Join Forces for Handling Overseas Air Shipments

New York—Trans World Airlines and Railway Express Agency have followed up their domestic air cargo-surface express service with a new contract covering overseas air cargo.

The interline agreement simplifies the handling of international shipment via an air-truck network. The carriers began coordinated domestic service last June.

The pact links shippers and receivers at some 10,000 off-airlines points served by REA in the U.S. with those served abroad by TWA in 23 major world markets.

The joint service will cover all the domestic and foreign cities now handled by TWA and all domestic points served by REA, Anthony F. Arpaia, REA vice-president, said.

The service provides for a single receipt to the shipper whether in the U.S. or abroad. Through charges, either prepaid or collect, will be a combination of the applicable air and truck rates of the two carriers.

FTC Makes Study of Automobile Warranties

Washington—The Federal Trade Commission is making an "informal" study of auto manufacturers' 12-month, 12,000-mile warranties on 1961 models.

An FTC official said the commission's main concern was not so much what the warranties declared but how the auto makers advertised them and used them in selling.

FTC has published a guide setting suggestions for proper advertising of guarantees and warranties. This outline would probably be followed in whatever investigation the commission might make into the auto warranties. Generally speaking, the commission wants to make sure that guarantees are advertised consistently with the actual terms of the agreements.

Courts Warn Shippers on Truck Leasing Plots

Washington—Federal courts, in two new decisions, have again warned shippers and truckers not to use truck leasing arrangements as a device for evading government regulation of transportation.

In one case, the U. S. Court of Appeals at Denver held that where a shipper leases trucks from one source and drivers from another closely allied with the vehicle leasing firm, he cannot claim to have arranged for private transportation free from federal jurisdiction.

In the other, a U. S. district court at Tampa, Fla., rejected as private carriage an arrangement whereby several shippers hired a traffic "consultant" and turned over to him full responsibility for obtaining vehicles and drivers to transport their goods.

Both decisions underscore this point: The legal test of what is valid private carriage is, "who has the right to control, direct, and dominate the transportation?"

If the shipper retains control over both vehicle and driver, even though he obtains their services from others, he qualifies as a private carrier. But if he relinquishes any control to the lessor, then the lessor is performing the transportation service and is a for-hire carrier who must be licensed by the Interstate Commerce Commission.

The appeals court case involved two Utah firms—B&C Truck Leasing, Inc., and Ogden Drivers Service, Inc.—which furnished vehicles and drivers to shippers under lease. The ICC contended—and the court agreed—that their operations were intentionally linked together and that they were engaging in for-hire carriage without authority.

The court said that even though some trucks leased from B&C were not driven by drivers of the Ogden service, and vice versa, the two companies cooperated in providing "complete carrier service to shippers."

"Through their cooperative action . . . they take charge of the property, move it in interstate commerce and deliver it to the specified consignee at the specified destination," the court said.

"The owner of the property does not take possession of the truck. He does not drive it. And he does not take part in the movement of the property. He merely participates in effectuating the [lease] . . . and then pays the charges made for the transportation."

In the Florida case, Southern Fruit Distributors, Inc., which shipped fruit northward, and other shippers sending goods back into Florida signed contracts with Robert Allen as a traffic consultant. Allen leased trucks, obtained drivers, and made schedules and routings for use by these shippers in getting their goods to markets in other states.

Allen denied an ICC charge that he was engaging in contract carriage. He maintained that he was merely an employee of shippers who were acting together to transport their own commodities privately. ICC investigation developed that Allen always obtained drivers from Florida Drivers Exchange, which he himself

had organized. The drivers were hired as part-time employees of the shippers, and their employment ended when they completed a specific haul.

Allen, at his own expense, also hired "destination agents" who played a key role in the operation. When a shipment from Florida reached its destination, the employment of the driver and the lease of the truck expired. Then the destination agent arranged a return load from a northern shipper who also held

a contract with Allen. The same truck and the same driver were "hired" by that shipper, and the laden truck returned to Florida.

The court said that under this arrangement there was no substantial evidence that the shippers had anything other than "paper control" over the vehicles and drivers. And this, said the court, could not substantiate the claim that the transportation was private even though Allen was listed as an "employee" of the shippers.

ICC Okays Motor Carrier Rate Hike On Shipments Under 10,000 Pounds

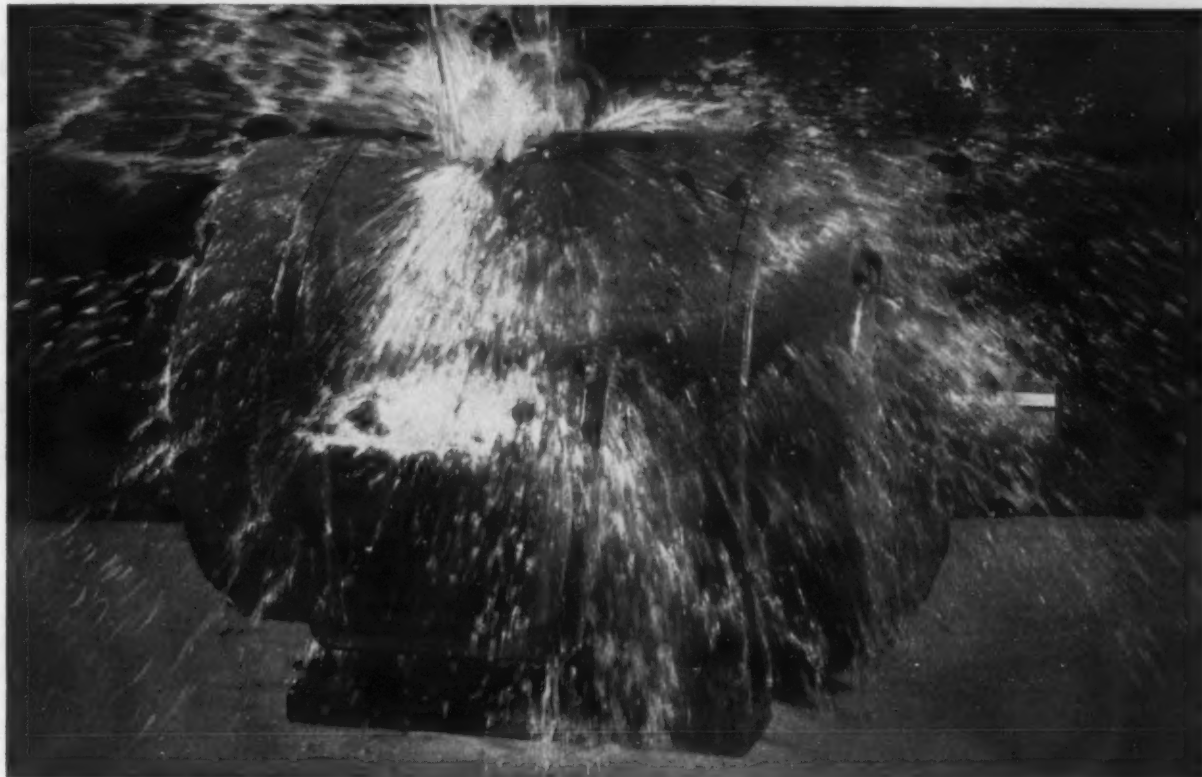
Washington—The Interstate Commerce Commission has allowed motor carriers and freight forwarders to put into effect 6% freight rate increases on transcontinental shipments of less than 10,000 pounds.

The commission voted, however, to investigate the increases to determine whether they may be unreasonable.

The rate hikes drew strong protests from shipping interests, chambers of commerce, and re-

tailers' associations in northern California, Oregon, and Washington.

They particularly objected to exemptions from the increases granted by the Rocky Mountain Motor Tariff Bureau for freight moving between certain areas. The exemptions apply to all points in Arkansas, Louisiana, Oklahoma, Texas, and Arizona, and to certain points in Mississippi, Tennessee, and southern California.



Sudden Splash or Soaking Shower

won't stop a Wagner® DP Motor...

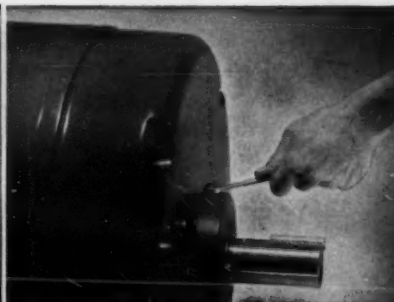
Wagner® Type DP Motors are doubly protected by rugged, corrosion-resistant cast iron frames and dripproof enclosures. Splashing or falling liquids, corrosive acids, salts, and alkalis can't stop their smooth operation. Designed to meet a wide variety of applications—including many that used to require splashproof motors—Wagner Doubly Protected Motors pack plenty of power into precious little space, are lightweight, long-lived, and pare downtime and upkeep costs to the bone. Simply put . . . they get the job done. Let your nearby Wagner Sales Engineer show you how these motors can be applied to your needs. Call him, or write for Bulletin MU-223.

Wagner Electric Corporation

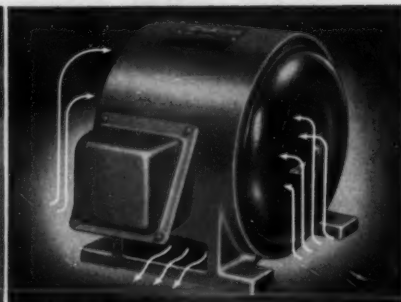
6416 PLYMOUTH AVE., ST. LOUIS 33, MISSOURI



SLEEVE BEARING MODELS AVAILABLE... DP Motors are built in NEMA frame sizes 182 through 445U; 1 through 125 hp—1750 RPM—40°C; available with ball bearing construction as illustrated or steel-backed, babbitt-lined sleeve bearings. Larger motors (Type RP) are available through 1000 hp.



CAN BE RELUBRICATED... Original factory lubrication will last for many years in normal service, but openings are provided to permit the relubrication that adds years to motor life under severe conditions.



COOL RUNNING... Specially designed baffles direct cooling air through the motor to reduce stator temperature, thus increasing motor life. Blowers, cast as part of the rotor, move large volumes of air without noise or vibration.

WM55-23

EVALUATING YOUR DISTRIBUTOR

Before Selecting Him to Serve You:

- ☐ Make a personal inspection of his facilities, personnel and stock. Are fire and accident hazards present? Is the stock well handled and in good condition?
- ☐ Determine which items he can best handle and service and which he cannot.
- ☐ Look over top management. Are they really of management caliber and does the firm's operation reflect their skills?
- ☐ Question officials about how they propose to serve your needs.
- ☐ Look in on lower echelon employees. Are they interested in their work, bright and efficient, or are they disgruntled and careless?
- ☐ Check Dun & Bradstreet for a credit report on the distributor. Does he have the financial strength to meet your needs?

After He Has Begun Serving You, Stop and Question:

- ☐ Are deliveries on schedule and complete?
- ☐ What is the condition of the stock when you receive it?
- ☐ Does the distributor consolidate invoices to save billing costs or are shipping invoices excessively complex?
- ☐ Are the invoices correct?
- ☐ How well are adjustments and returns handled?

How About the Distributor's Salesman? Does He:

- ☐ Contact you regularly and offer help to storekeepers and engineers?
- ☐ Know your plant needs and report them accurately to their bosses?
- ☐ Offer cost-cutting advice and suggestions on new products?
- ☐ Always have a purpose in visiting your plant, or is he a time-waster? Is he a joker or evasive, or is he friendly and willing?
- ☐ Does he notify you of price cuts?
- ☐ Does he know the full story on the buyer-supplier contracts?

Two Major Firms Show How:

Long-Term Co

"I hate long-term contracts."

So says a distributor of power transmission supplies, who feels that "the only reason for a purchaser wanting a contract from a distributor is so he can get a drastic reduction in price."

A lot of distributors feel the same way. And so do many P.A.'s who regard the long-term contract as a vise to squeeze the last drop of profit from a distributor's margin on maintenance supplies and parts.

Buyers at the Louisiana Div. of Dow Chemical Co. and American Viscose Corp. in Philadelphia have found that price is one of the lesser benefits from a long-term contract.

Both Dow and Avisco have put their MRO purchases from distributors on a sophisticated, top management level. They carefully evaluate their potential distributors, looking at them from every angle (see box left) and figuring ways good distributor service can cut maintenance costs, lower inventory levels, and save purchasing headaches.

Then they talk price.

Both firms share a consideration for the distributor's profit. Since they both expect exceptional service, they realize there must be enough margin for the distributor to pay for the extra costs he bears.

P.A.'s who don't take this into account can become disillusioned by long-term contracts. The distributor, with his profit margin narrowed, loses interest in servicing the account, carrying the extra stock, and even in retaining the business.

In turn, the P.A. abandons long-term contracts. "They can't give us the service and quality, and also remain competitive on price," said one top purchasing manager who recently junked a multimillion-dollar distributor program.

How Dow Does It

Dow Chemical has a new \$70-million plant at Plaquemine, La., that carries an MRO inventory of only \$120,000. Original plans for the new facility called for a \$225,000 warehouse, but Dow gets along with a simple shed that cost only \$35,000.

That's concrete evidence of the worth of the chemical company's "stockless purchasing" program. Dow's distributors handle the inventory and deliver stock directly to the spot in the plant where it is needed.

The foundation for "stockless purchasing" was laid in 1958 when the Plaquemine plant was first planned. Ben W. Smith, division purchasing director at the time, and F. A. Taylor, who now holds the post, did the groundwork.

HERE'S WHAT DOW AND AVISCO LIKE ABOUT

- It saves Dow \$200,000 a year in inventory carrying costs and handling and warehousing charges.
- Eliminates need for \$480,000 of inventory investment and a \$250,000 warehouse to keep it in.
- Brings required materials direct to maintenance job in the Dow plant, as distributor does delivery too.
- Assures reliable distributor service as each vendor has sole responsibility for specific group of supplies.
- Smooths inventory and ordering cycle; avoids sudden peak loads through P.A.-distributor inventory planning.
- Frees Dow buyers for monitoring operations, creative buying; lets supplier concentrate on new developments.

Contracts With Distributors Can Benefit You

"We decided to get the division out of the supply business," said Smith, "and leave that to the people who make their living at it—our industrial distributors."

"Now it's up to our vendors to take over the warehousing, expediting, and other functions that would otherwise keep Purchasing busy with detail. We want our distributor to become part of Dow. We want Purchasing to spend full time doing what it ought to do—plan, negotiate, and monitor."

Smith and Taylor realized that this was exceptional service and that they could expect to pay somewhat more than a rock-bottom price.

"We cannot accept service for nothing; it's not dependable," said Taylor. They felt the extra cost would be small compared to the savings in invested capital in maintenance of supplies, purchasing paper work, and warehousing. And they feel the small inventory and the savings on warehouse construction prove this point.

Dow now contracts with a primary distributor to handle 100% of the company's needs in one of 12 categories—for example, bearing and transmission parts, gaskets, or janitorial supplies.

Secondary distributors are selected, on a non-contract basis, to back up the primary distributor.

Dow's contracts run from six months to a year, but have 30- or 60-day escape clauses, and firm prices for a month at a time. Primary distributors are obligated to stock at a "minimum protection level" for Dow. And Dow in return reimburses losses for slow-moving items.

Evaluating a distributor before contracting for his services is just common sense. But Dow's program is more detailed than most. Personal visits are made to look over the distributor's stock, personnel, and facilities. And three criteria are used to guide Dow in the final choice. The desire to serve is rated at 40% of the total scoring. The ability to service and future potential for service each rate 30%.

Establishing a fair price is also important, but it's not the be-all and end-all of the program. Dow won't buy at rock bottom, just for the apparent gain of a lower purchase price. For the same reason, Dow won't use competitive bidding. It feels both lead eventually to poor service as the distributor tries to boost his profit margin in other ways.

Avisco's Program

The centralized purchasing program at American Viscose Corp. services seven plants scattered throughout the Middle Atlantic region. In this sense, it's a bigger operation than

Dow's, which serves only one division. But the goal is the same: 24-hour continuous operation at lowest cost through better materials management.

Abbott M. Smith, Jr., an Avisco specialist buyer, and Wilburt H. Butts, division purchasing agent, are the key men behind Avisco's buying policy.

Mutual responsibility underlies Avisco's purchasing of industrial supplies, and it starts at the staff level. Seven P.A.'s work out of the Philadelphia office, under the direction of Butts. The staff evaluates a distributor, sets up contracts, and establishes a requirements pattern.

These are what Avisco regards as its prime responsibilities:

- Giving local distributors a chance to furnish 100% of the needed items.
- Establishing a fair price to the distributor, so that the distributor can support the specialized servicing of Avisco's items.
- Keeping the distributor informed of non-repetitive items.
- Keeping both parties up to date on the over-all purpose of the program and on any interpretive policies that develop.

The distributor in turn:

- Agrees to supply the contracted items within the agreed delivery time.
- Assigns salesmen who are qualified to service plants on their own, without depending on help from the manufacturer.
- Requires salesmen to review storing, packing, receiving, etc.
- Advises Avisco about duplication, obsolescence, etc.
- Ships and bills complete orders as much as possible, minimizing partial shipments.

Experience is one of the most important factors contributing to success. For this reason, Smith insists that American Viscose purchasers stick by a distributor when things go wrong.

"When you have two contract years with one distributor, he knows you," Smith says. "He knows whether or not you like brass bands on paint brushes."

The benefits of close relations with distributors are counted in terms of dollars. Less paper work, up-to-date materials, effective inventory management, better standardization, and speedy deliveries are among the gains.

But one of the most concrete benefits is just now coming to the fore. In 1958, Smith foresaw the possibility of converting to data processing. American Viscose is now converting its stores number system to conform with industry classifications. One plant has already started using data-processing cards to help speed up inventories and purchases.

CONTRACT PURCHASING FROM DISTRIBUTORS

- Eliminates Avisco's excess inventory in obsolete and slow moving items through standardization and planning.
- Protects plant operation through comprehensive stocking of crucial supplies, parts, better distributor back-up.
- Gives operating responsibility to local personnel while retaining centralized buying at Avisco headquarters.
- Cuts ordering and billing time, stock outs and short shipments; simplifies paperwork and invoicing.
- Sets a pattern for plant consumption and operation that will lead to EDP ordering.
- Builds moral responsibility of distributor to Avisco; involvement helps weather strikes and emergencies.



DEFENSE SUBCONTRACTING provided discussion at shirtsleeve session at NAPA 5th Dist. Conference. Frank Cassot, of Sperry Gyroscope, led group.



SMALL COMPANY BUYING provided another popular topic at Washington session. Above, Leonard Larson, of the Washington Evening Star, sparks his listeners.

This Changing Purchasing Profession . . .

Homer Barber and Robert G. Stroud were named purchasing managers, the central and eastern regions respectively, by **Packaging Corp. of America**, Evanston, Ill. **C. R. Culp** succeeds Barber as assistant director of purchases. Stroud and Culp were formerly with Ohio Boxboard Co., Rittman, Ohio.

J. A. Griffey, former purchasing agent for the **New Orleans Div., Gulf Oil Corp.**, has been made sales manager of the company's Little Rock, Ark., district.

H. D. Lowe retired as purchasing agent at **Joslyn Stainless Steels**, Fort Wayne, Ind.

Malcolm Thomas, purchasing agent, **Varel Mfg. Co.**, Dallas, has been assigned additional responsibilities as production manager for the firm.

Robert C. Wing, who joined **George W. Dahly Co.**, Bristol, R. I., in June, was made general sales manager.

L. J. Miller has joined **Hoover Co.**, North Canton, Ohio, as purchasing manager. He succeeds **David L. Glass**, who is retiring at the end of November after 35 years with the firm. Miller had been manager of purchasing for **Cummins Engine Co.**, Columbus, Ind.

Rhoda M. Stewart has been advanced to a vice president of the **Marbon Chemical Div., Borg-Warner Corp.**, Chicago. Miss Stewart has served as director of purchases and earlier this year the traffic department was added to her responsibility. The current change also places the personnel department under her direction.



HOUSTON P.A. ASSN. thanks A. J. Sistor (I) for top-notch job as past Dist. 2 pub. rel. chairman. C. J. Steward, national director, presents him with "Outstanding Member of the Year" award.

John P. Abrahamson succeeds **W. O. Muller** as assistant purchasing agent, **Behr-Manning Co.**, Troy, N. Y. Muller was named manager of branch operations.

Robert M. Jelinek, assistant manager of the sales service department **Ceco Steel Products Corp.**, Chicago, has been appointed purchasing agent.



J. P. ABRAHAMSON R. M. JELINEK

John Stalder, former purchasing agent for **Janitrol Heating Div., Surface Combustion Corp.**, Columbus, is now chief of the quality control and specification section of the **Ohio Purchasing & Printing Department**.

B. E. Homman succeeds **William E. MacDonald**, who retired, as purchasing agent for **Central Ohio Paper Co.**, Columbus, Ohio.

Find the "other man"!

Find the "other man" and you'll find another reason why you should come to Carlson for your stainless steel plate and other stainless products. The "other man" is an unseen crane operator. He, together with the hook-up man directing the loading of a stainless head in our shipping bay, is working "after hours" for one purpose—to assemble and ship a customer's order fast.

Why? The customer's production schedule may have changed suddenly. Perhaps quick delivery is needed to repair a vital piece of equipment. Whatever the reason, the customer knows he can count on Carlson for exceptional service. For Carlson is accustomed to producing and delivering, *fast*, a wide variety of high quality stainless steel products.

Specialized Carlson service is as near to you as your phone. Call or write for prompt action. The phone number: DUDLEY 4-2800.

G.O. CARLSON Inc.

Producers of Stainless Steel

144 Marshallton Road

THORNDALE, PENNSYLVANIA

District Sales Offices in Principal Cities

PLATES • PLATE PRODUCTS • HEADS • RINGS • CIRCLES • FLANGES • FORGINGS •
BARS AND SHEETS (No. 1 Finish)



In the World of Sales

Paul R. Bunker has been made sales manager for Magnecord products by **Midwestern Instruments, Inc.**, Tulsa, Okla.

John C. Wyman, Jr., joined **Duncan Electronics, Inc.**, Santa Ana, Calif., as sales manager. He had been with Helipot Div., Beckman Instruments, Fullerton, Calif.

Glenn E. Ronk was advanced to general sales director, **Cornell-Dubilier Electronics Div.**, **Federal Pacific Electric Co.**, South Plainfield, N. J.

Charles E. Heilig, Jr., has taken the post of sales manager with **American Sealants Co.**, Hartford, Conn. Heilig was with the Industrial Group, United Shoe Machine Corp., Boston, Mass.

Donald A. Anderson was named New York district sales manager of **Duff-Norton Co.**'s Jack Div. and Coffing Hoist Div.

Richard C. Pilsbury has been promoted to western regional sales manager, **Owens-Illinois Glass Co.**, with headquarters in Chicago.

Arthur W. Rau, formerly with **Teleflex, Inc.**, North Wales, Pa., has been appointed sales manager of **Eanco, Inc.**, Philadelphia.

Harry Cramer and Joseph W. Tucker have been elevated to directors of nylon sales and acrilan sales respectively, **Marketing Div.**, **Chemstrand Corp.**, New York.

Martin N. Lindsay was made responsible for the sales of coke and pig iron for **Crucible Steel Co. of America**, Pittsburgh.

Edward L. Novak joined **Newark Steel Drum Co., Inc.**, Linden, N. J., as sales manager. He had been with Rheem Mfg. Co., New York.

Robert S. Lehleitner has been promoted to sales manager of the **Controls Div.**, **Jacks-Evans Mfg. Co.**, St. Louis.

William W. Young was made southern area regional sales manager for **American Potash & Chemical Corp.** Niven D. Morgan, Jr., succeeds him as Shreveport district manager.

Harry A. Lucas, Jr., former sales manager of Minneapolis-Honeywell's Systems Div., has joined **CompuDyne Corp.**, Hatboro, Pa., as corporate sales consultant.

F. E. Coufal has been named domestic sales manager, **Northwest Orient Airlines**, St. Paul, Minn.

Arthur W. Randall has become Chicago district manager, **Distributor Products Div.**, **Raytheon Co.**

William F. Gulley was promoted to assistant western regional manager, **Meter & Valve Div.**, **Rockwell Mfg. Co.**, San Francisco. Nelson E. Davenport succeeds Gulley as San Francisco district manager.

J. Ray Topper has been elevated to product sales manager for industrial and military tubes, **Receiving Tube Dept.**, **General Electric Co.**, Owensboro, Ky.

Charles Clauer, Jr., formerly with New Jersey Bell Telephone Co., has joined **Switlik Parachute Co.**, Trenton, N. J., as sales manager for the firm's entire line of air and water survival equipment.

Joseph W. Yuhas has been named manager of the **Distributor Div.**, **Pyramid Electric Co.**, Darlington, S. C.

John R. Crawford has been appointed sales manager, **Trio Laboratories, Inc.**, Plainview, L. I., N. Y.

DISTRICT 8 local chairmen exchanged ideas and discussed common problems at two-day workshop meeting, Cooperstown, N. Y. P.A.'s separated into three groups headed by 8th district committee chairmen: Walter E. Willets, professional development; Edwin C. Drew, VASCO; and J. Dukehart Chesney, public relations. Also on hand were Frederick C. Esser, 8th District vice president; M. G. Edwards and Robert S. Burnett, national vice chairman for professional development and public relations; and W. J. Pierce, chairman, national development committee on VASCO. Shown is the VASCO group. →



50% MORE LIGHT

FROM ANY 2-YEAR OLD 40-WATT SYSTEM



New G-E Premium 3 Fluorescents. If your present 40-watt fluorescents are two years old or more, you can probably boost your lighting level by 30% to 50%—overnight—without spending a single capital expense dollar! How? By replacing them with new General Electric Premium 3 Lamps. Fact is, you'd gain *at least* as much extra light as your present lamps would deliver if they were a foot longer and used a lot more electricity.

G-E Premium 3 Lamps are new from end to end. New "Wattage Miser" Cathodes that cut wattage loss...new, more efficient "Bonus" phosphors...improved gas mixture. And like the *standard* 40-watt fluorescents, the F-40, they operate in starter-type or Rapid Start circuits. General Electric Premium 3 Lamps are first to deliver over 3,000 lumens...giving you more light at the lowest possible cost. For more information, call your G-E Lamp distributor today—or write: General Electric Co., Large Lamp Department C-032, Nela Park, Cleveland 12, Ohio.

Progress Is Our Most Important Product

GENERAL ELECTRIC

Chicago and North-Western Railway Purchases Minneapolis & St. Louis

Washington—Two more railroads headed down the merger route with the Chicago & North-Western Railway Co.'s purchase of the Minneapolis & St. Louis Railway Co. for an estimated \$21-million.

The merger, which came less than two weeks after the Interstate Commerce Commission gave its okay, was the second giant rail juncture this fall, and the fourth during the past two years.

Last September, the ICC gave the merger go-ahead sign to the Delaware, Lackawanna & Western and the Erie Railroads to form the new Erie, Lackawanna & Western railroad. That merger took effect last Monday.

The Chicago & North-Western-Minneapolis & St. Louis merger will form one of the nation's largest roads, with a total of 10,790 miles of track. The C&N operates 9,284 miles of track in Illinois, Iowa, Minnesota, Michigan, Nebraska, North and South Dakota, Wisconsin, and Wyoming. The M&SL has 1,506 miles of rail in Illinois, Iowa, Minnesota, and South Dakota.

As in the case of the other approved rail unions, the ICC said the latest merger would mean improved service for shippers in the areas served by the combined railroad.

The ICC approval, however, imposed conditions on both lines to protect present employee staffs and instructed the new company to maintain open routes and existing freight interchanges.

Meanwhile, in New York, the week-old Erie-Lackawanna Railroad announced these specific changes in its operations:

• **Freight services.** All through freight from New York to Buffalo, Chicago, and the West will travel on Erie's main line (Croton and Jersey City to Chicago via Port Jervis, N.Y.).

The Lackawanna main line between roughly the same points (via Scranton instead of Port Jervis) will carry only local freight and eastbound coal from Scranton to the New York harbor area.

The Erie line also will carry through freight between the West and New England via the New York, New Haven & Hartford Railroad interchange at Maybrook, N.Y.

• **Equipment.** The merged company will spend a total of \$10-million on facilities along its lines, including a new electronic classification yard at the present Lackawanna facility in east Buffalo. In addition, Erie's fast freight classification yard in Hornell, N.Y., will be expanded from 7 to 18 tracks, while the Erie yard at Croton, N.J., will be improved. The new road will also improve centralized traffic control, signaling, double tracking, and lengthen the sidings at Erie's east Buffalo division between Portage and Depew. Connecting tracks between Erie and Lackawanna points and additional long-distance telephone and teletype lines will be installed.

• **Heavy repair facilities.** Freight car repair work will be

handled at the Erie's new \$4-million shop in Meadville, Pa., near the geographical center of the merged road. Heavy diesel locomotive repairs will be made at Erie shops in Marion, Ohio; Jersey City, and Hornell, and at Lackawanna's Scranton shop.

Erie-Lackawanna officials estimate these, along with passenger service changes, will add up to enough to put the combined operation into the black in five years.

FTC Voids Price Charges Against Toy Importer

Washington — The Federal Trade Commission dismissed a complaint against a toy importer charged with granting discriminatory price discounts, even though the importer admitted he had given some of his customers a 3% price cut that others didn't get. One commissioner, in a dissent, said the decision was a "retreat" which could harm enforcement of the Robinson-Patman Act.

Named in the complaint were Fred Bronner Corp., and Fred Bronner, its president and sole

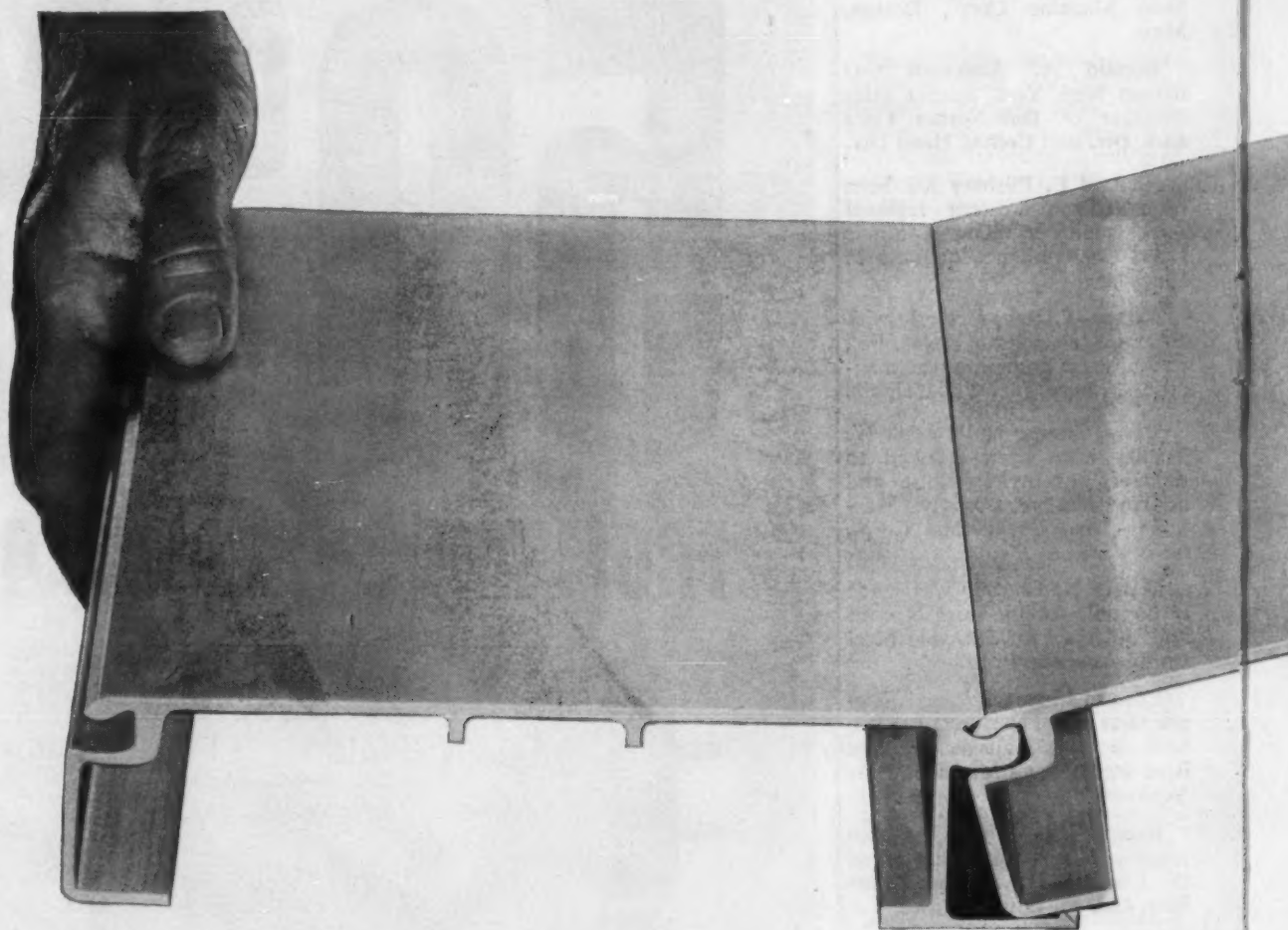
stockholder. The FTC had claimed that from 1954 to 1956 Bronner granted a 3% price discount to March of Toys, Inc., a cooperative buying organization, and from 1955 to 1958 gave the same discount to a New York City wholesaler. However, it was claimed, the same discount was not given to other Bronner customers.

Earl W. Kintner, commission chairman, wrote in the commission's decision that no proof had been offered that this practice tended to lessen competition sub-

stantially. Commissioner Robert T. Secrest pointed out in a concurring opinion that the discriminatory discounts over a four-year period totaled only \$1,345. Commissioner Secrest commented, "I cannot see that substantial injury to competition has been done."

Robinson-Patman prohibits price cutting that tends to injure competition.

In a sharp dissent Commissioner William C. Kern pointed out that Bronner had, during testimony, "recognized the impropriety of the special discount."



New way to build a box—or a wall Reynolds Aluminum Snap-Lock

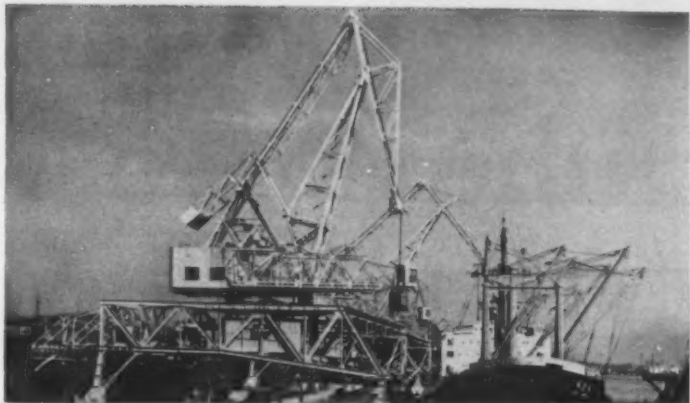
Here's a new, cost-cutting way to put a panel together—a panel made with strong lightweight, rustfree Reynolds Aluminum. The new fabricating method: Reynolds Aluminum Snap-Lock Extrusions.

With these extrusions, and their exclusive interlocking design, you can build a strong, rigid wall, or floor, or panel by just *snapping* sections together. You eliminate a lot of welding and a lot of rivets; and the joints are secure, strong, and permanent.

The panel you build with Reynolds interlocking extrusions is really solid, because the design provides an integral reinforcing brace at every joint . . . or between joints as required. Chances of a Snap-Lock Extrusion panel warping or buckling are virtually nil.

You can achieve major production savings with fast, efficient snap-lock fabrication methods, but the savings don't end there. With Reynolds Aluminum extrusions, you can pre-fabricate sections of panels conveniently in a shop, assemble or erect the sections easily and quickly at the job site.

Although the basic idea behind all Reynolds Snap-Lock Extrusions is the same, the design can be varied to meet specific job requirements. Already, variations of the interlocking extrusion idea have proved themselves, in production and performance benefits, in such wide-ranging uses as electrical substations, truck and refrigerator car flooring, ship deck-houses, airplane hanger doors, and temporary or portable tool houses.



WORLD'S BIGGEST, claims Sumitomo Machinery Co., Ltd., Tokyo of its new level luffing-type crane, shown here unloading iron ore from an 18,000-ton ship. The \$830,000 crane has a 700-ton/hour capacity.

Foreign News in Brief

Peru Buys Show Site

Lima—The Peruvian government has purchased a 60-acre site on which to hold the second biennial Pacific International Trade Fair on Oct. 12-29, 1961.

The \$400,000 site will be a permanent one for the fair, expected to remain a biennial event because of its success in 1959, when 15 countries participated. Eighteen countries, including the United States, have already expressed their intention to participate in the 1961 event, and at

least seven other nations are expected to join this group.

Boulton to Expand

London—In a move aimed at boosting its exports to North America, Boulton and Paul, Ltd., owners of a string of British construction equipment manufacturing firms, will build two subsidiary companies in the Western Hemisphere.

Both new subsidiaries, one in

Toronto, the other in Nassau, will produce the same equipment as the parent British firm, including mechanized equipment for steel construction, joinery, wire and wire products, fencing, and builders' equipment. Boulton also offers customers construction engineering services.

Chemical Firm Gets OK

Tokyo—The Japanese government has given the go-ahead sign to Showa Denko, a Japanese chemical firm, and E. I. du Pont de Nemours & Co. to set up a jointly owned neoprene factory here.

The new \$9.75-million facility will be restricted to an output of 8,000 tons/year of the new synthetic rubber. Other Japanese firms are planning to build similar facilities in the near future.

Launch Expansion

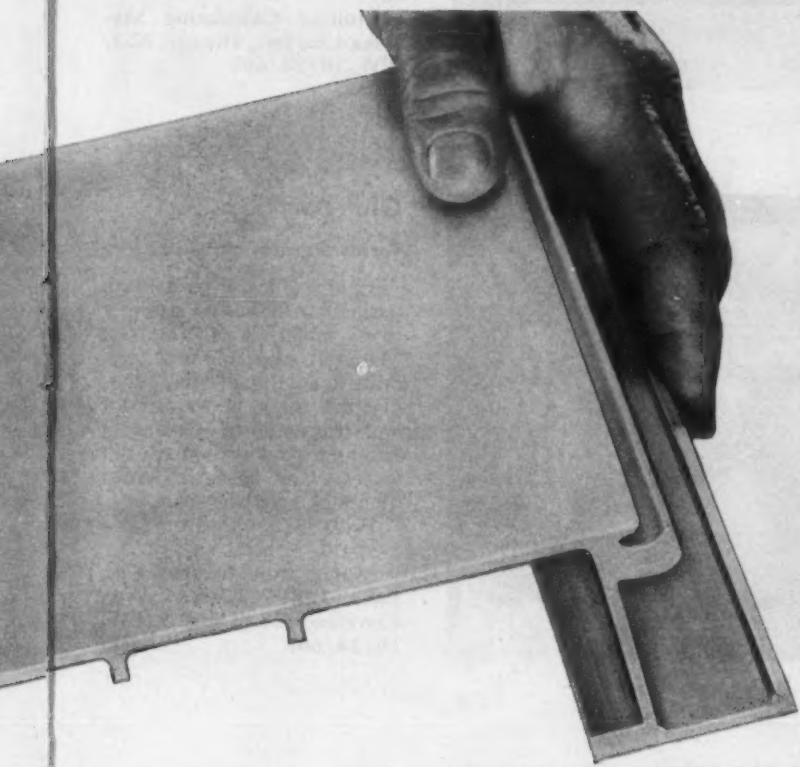
London—British Hydrocarbon Chemicals Ltd., a jointly owned subsidiary of British Petroleum Co., Ltd., and Distillers Co. Ltd., has launched a \$28-million expansion program at its petrochemical plant in South Wales.

The company, which declined to reveal the capacity or construction schedule of the new project, said the plant would complement British Petroleum's near-by refinery in Llandarcy.

Firms Sign Pact

London—Imperial Chemical Industries Ltd. and Yorkshire Imperial Metals Ltd. have signed a marketing agreement giving Yorkshire exclusive selling rights to "alkathene," a high strength, polyethylene tubing now being produced by both firms.

In addition, the agreement turns over to Yorkshire all research and development facilities and technical services connected with alkathene tubing, now being sold as a substitute for metal water piping both in England and abroad.



(don't weld it or rivet it ... snap it!)

—or a floor Extrusions

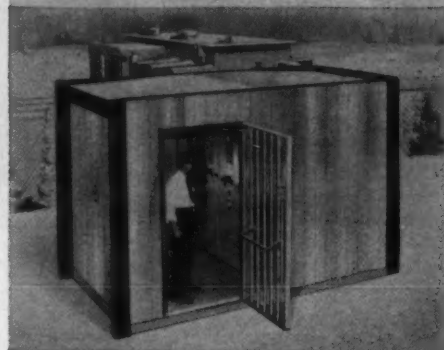
If you have a "box" to build (from a small container to a warehouse building) or a floor or a panel of any kind, see how many rivets you can save, and how much welding. Investigate Reynolds Aluminum Snap-Lock Extrusions. For details, contact your local Reynolds office, or write Reynolds Metals Company, P.O. Box 2346-QP, Richmond 18, Va.



Watch Reynolds new TV show
"Harrigan & Son", Fridays;
also "All Star Golf", Saturdays—ABC-TV



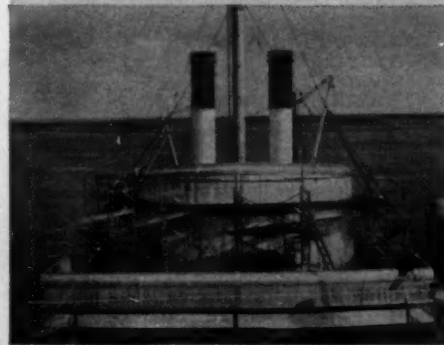
Containers made with Reynolds interlocking extrusions combine aluminum's light weight with extra strength and rigidity.



Electrical substation built with Reynolds interlocking extrusions is strong, rigid, thanks to integrally-reinforcing extrusion design.



Truck flooring made with Reynolds extrusions is available in a range of designs using interlocking principle.



Reynolds interlocking extrusions cut welding time, fabrication and erection costs in construction of water-tight ship deckhouse.

SEARCHLIGHT SECTION

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BUSINESS OPPORTUNITIES

EQUIPMENT—USED or RESALE

FREE BOOKLET FOR PURCHASING AGENTS



"HOW TO BUY A USED MACHINE TOOL"

Write to:

S&S MACHINERY CO.

140 53rd St. • Bklyn 32, N. Y.

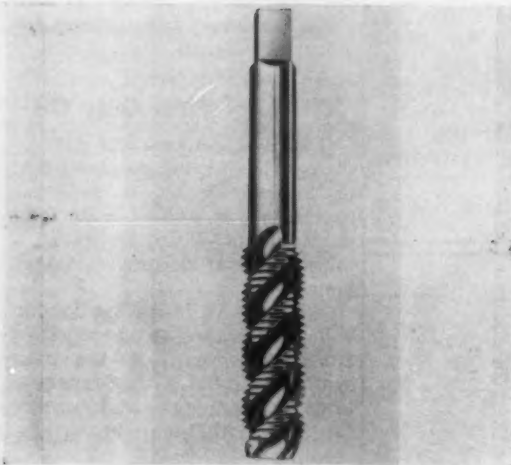
6945 Bandini Blvd. • Los Angeles 22

• • •

**2500 MACHINE TOOLS
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Financing Arranged • Terms up to 10 yrs.

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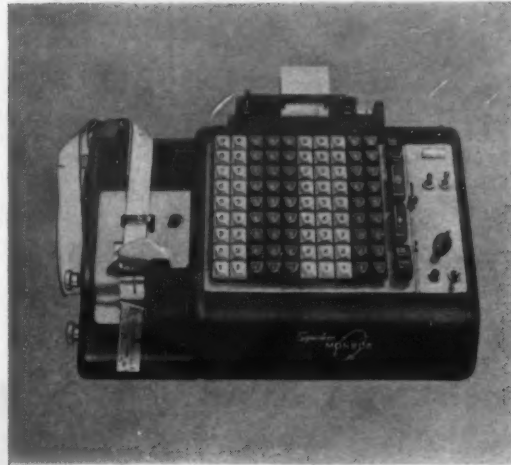
Tap

Cuts Cleaner

Tap for precision tapping of modern "space age" metals makes smooth, accurate threads to most exacting tolerances even in deep holes interrupted by slots or keyways. In all regular sizes from No. 3 through 1/2 in., taps eliminate breakage caused by clogging flutes.

Price: \$2.75 to \$4.45 ea. Delivery: immediate.

Morse Twist Drill & Machine Co., 163 Pleasant St., New Bedford, Mass. (PW, 10/24/60)



Data Processor

Designed for Accountants

Portable data processing machine is said to be first source data originator designed exclusively for accountants. Features automatic repetition of all code information and accountants' program keyboard symbols.

Price: \$1,850 (single register); \$2,075 (duplex register). Delivery: 30 to 60 days.

Monroe Calculating Machine Co., Inc., Orange, N. J. (PW, 10/24/60)



Plastic Cases

Protect Capacitors

Premolded-plastic cases are claimed to give micro-miniature capacitors greater mechanical stability and environmental immunity. Shown with soldered capacitor heads, units are .2 in. and .3 in. square, respectively.

Price: 34¢ to 58¢ (.2 in.); 47¢ to \$1.35 (.3 in.) Delivery: 1 to 5 wk.

Chemicals & Plastics Div., Food Machinery & Chemical Corp., 161 East 42nd St., New York 17, N. Y. (PW, 10/24/60)



Glue

Forms Permanent Adhesive

Epoxy glue forms a hard, permanent adhesive stronger than materials themselves. Material, said to bond anything to anything (steel, brass, plastics, etc.), is waterproof and transparent. Comes in two-tube package—one each of resin and hardener—with free metal mixing pan.

Price: 98¢. Delivery: immediate.

Magic Iron Cement Co., Inc., 14215 Caine Ave., Cleveland 28, Ohio. (PW, 10/24/60)



Pallet Truck

Has All-Purpose Handle

Pallet truck has all-purpose handle to push, pull, steer, raise, and even lower truck, permitting operator to keep both feet on floor. Light squeeze of built-in hand control lowers load, while pumping handle will lift it—even when truck is in motion.

Price: \$395 (2,000-lb. cap.); \$475 (4,000-lb. cap.). Delivery: 1 to 2 wk.

Wright-Hibbard Industrial Truck Co., P. O. Box 227, Hamburg, Pa. (PW, 10/24/60)



Dial Scale

Easy to Read

Portable dial scale has 450-lb. to 2,500-lb. capacity. Full-floating 28 x 34-in. platform gives protection from shock loading and rough usage. Includes double pendulum system with machined cams for life-long accuracy and clearly marked 25-in. dial.

Price: \$882. Delivery: approx. 1 wk.

Pennsylvania Scale Co., 21 Graybill Road, Bareville, Pa. (PW, 10/24/60)



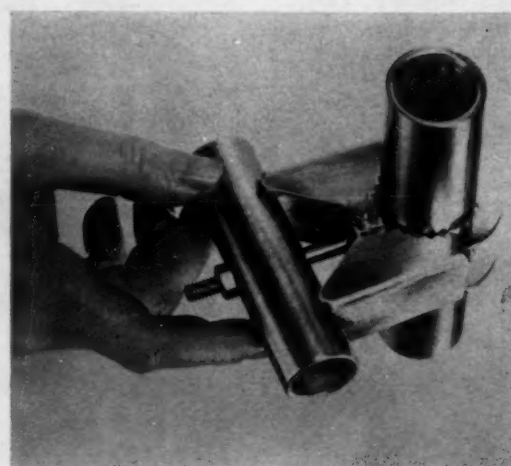
Vacuum Gage

Works On Battery

Thermocouple vacuum gage incorporates self-contained rechargeable battery power supply, making it adaptable to portable use. Unit also can be plugged into any 120 v. a-c outlet. Calibrated from 1 to 1,000 microns, it is designed for wide variety of industrial and laboratory applications.

Price: approx. \$140. Delivery: immediate.

General Electric Co., Schenectady 5, N. Y. (PW, 10/24/60)



Clamp

Grips at Right Angles

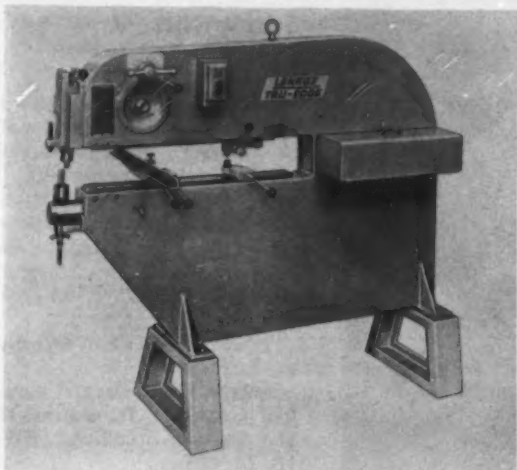
Clamp requires only one manual adjustment to grasp two tubes or pipes of different diameters and grip both tightly together at right angles. A threaded bolt is passed through one pipe and drawn up. Model requires perforation of one of the pipes for the bolt.

Price: \$12 to \$18. Delivery: approx. 2 wk.

Hunter Spring Co., 4 Spring Ave., Lansdale, Pa. (PW, 10/24/60)

New Products

Another PURCHASING WEEK service: Price and delivery data with each product description.



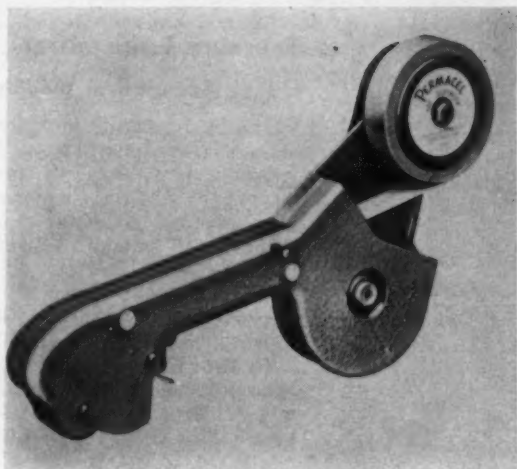
Shearing Machine

Permits Circle Cutting

Shearing, forming, and piercing machine cuts in center of .150-in. mild steel plate with no starting hole needed. Unit has edge cutting capacity of 8 ga. in mild steel plate, 10-11 ga. in stainless steel, and 5 ga. in copper. A 42-in. throat depth permits circle cutting up to 40 in. in diameter inside the throat.

Price: \$1,475. Delivery: 10 days to 2 wk.

Lennox Tool & Machine Builders, Lima, Ohio. (PW, 10/24/60)



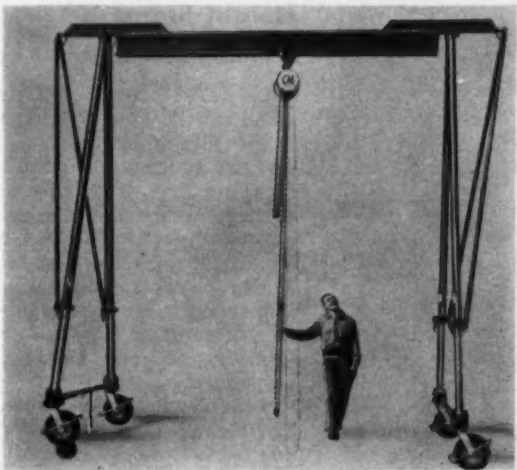
Dispenser

Handles Transfer Tape

Lightweight, compact dispenser removes the tape interliner and applies the double-coated tape in up to 1-in. widths directly to a variety of surfaces such as glass, metal, wood, plastic, and boxboard. Only 15 in. long, dispenser can be operated with one hand and applies any length strip desired.

Price: \$38. Delivery: immediate.

Permacel, U. S. Highway No. 1, New Brunswick, N. J. (PW, 10/24/60)



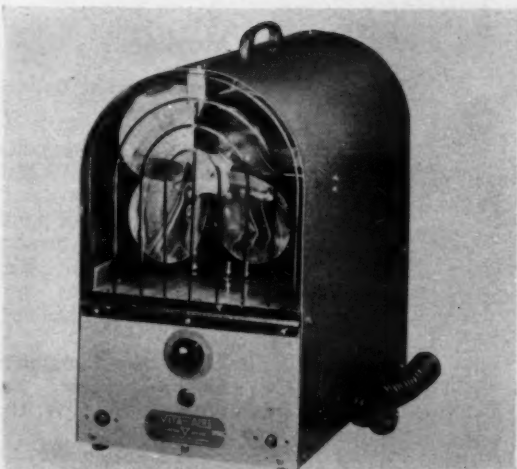
Gantry

Has Outboard Rigging

Brace legs of adjustable-height and tread-width gantry may be attached outboard for greater clearance. Models are available in spans to 30 ft., heights to 17 ft., and capacity to 4 tons. Comes with self-leveling I-beam in steel or aluminum.

Price: from \$469 (with 10 ft. steel I-beam). Delivery: 2 wk.

B. E. Wallace Products Corp., Exton, Pa. (PW, 10/24/60)



Air Purifier

Generates Negative Ions

Purifier, available in portable and duct-type units, purifies up to 1-million cu. ft. of enclosed air in commercial and industrial areas. Unit is equipped with patented non-metallic generator that produces negative ionized air for rapid oxidation of odors and impurities.

Price: from \$85 to \$1,000. Delivery: 1 to 2 wk.

Vita-Aire Process Co., Inc., 1736 North Second St., Milwaukee 12, Wis. (PW, 10/24/60)

This Week's

Product Perspective

OCTOBER 24-30

• **TRADE SHOWS** are taking on new importance as the rash of new products threatens to "snow" even the most sophisticated buyers. The big attraction of these shows—as far as buyers are concerned—is that they offer a chance to compare products first hand—and ask "loaded" questions.

• 1960-61 shapes up as the biggest show year ever, and show managers are pulling out all the stops to reach as many buyers as they can. Experience has shown that the best way to get maximum exposure is by moving the big shows around the country—or by holding several smaller regional shows, instead of one big one.

Here's how the schedule of most important shows shapes up for the rest of the season:

BUSINESS. Three major business shows are scheduled between now and June. Two (one in Los Angeles, the other New York) are sponsored by the Office Equipment Manufacturer's Institute, which held its first exhibit in Washington last year. The third offering is under the auspices of Office Executives Assn., which has handled the show since 1949.

• **National Business Show—Oct. 24-28, New York.** Some 115 companies will show about 400 product lines. Displays will go heavy on copying machines, dictating equipment, but six data-processing equipment makers will pool their talents in a "CompuCenter" display of latest EDP apparatus.

• **The Business Equipment Exposition—Nov. 1-4, Los Angeles.** Sixty office machine makers will show a broad range of office tools. Heavy emphasis will be placed on data-processing equipment and computers.

• **The Business Equipment Exposition—April 17-21, New York.** New York edition of earlier California show.

VENDING. World's largest exhibit of self-service equipment for plant and office.

• **National Automatic Merchandising Assn. Convention-Exhibit—Oct. 28-Nov. 2, Miami Beach.**

MATERIALS HANDLING. Fork-lift trucks, conveyors, storage racks, and everything else needed to move materials inside or outside the plant. Under the new regional plan of the Materials Handling Institute, buyers all over the country will get a chance to see the newest equipment.

• **Central States Show—Nov. 8-10, Louisville, Ky.**

• **Pacific Coast Show—Feb. 22-24, San Francisco.**

• **Eastern States Show—May 9-11, Philadelphia.**

MANUFACTURING. A variety of shows will exhibit the newest in production equipment and materials. These range from latest in metalworking accessories to roundup of newest materials for the product designer.

• **First National Die Casting Exposition & Congress—Nov. 8-11, Detroit.** This newcomer to the show world features more than 80 makers of die castings, die casting machines, dies, die steels, casting metals, production and finishing equipment, and die casting supplies and services.

• **Western Engineering Conference and Exhibit—Nov. 14-18, Los Angeles.** West Coast edition of ASTM's annual tool show features all types of metalworking and manufacturing equipment and services, including abrasives, cutting tools, furnaces, inspection apparatus, etc.

• **ASTME Tool Show—May 22-26, New York.** Big, national exhibit of metalworking equipment.

• **Design Engineering Show—May 22-25, Detroit.** Components and materials to help the product designer and purchasing agent get best materials for new products.

MAINTENANCE. Tools and supplies for MRO function in plant and office.

• **Plant Maintenance and Engineering Show—Jan. 30-Feb. 2, Chicago.**

PACKAGING. Latest in packaging materials, methods and machinery. This show gives buyers a good chance to view competitive packaging materials as well as to compare identical materials offered by different suppliers.

• **30th National Packaging Exposition—April 10-13, Chicago.**

PLASTICS. Up-to-date view of all types of plastics and fabricating methods. This biennial show promises a greater assortment of new products than any 1960-61 exhibit—offers a perfect opportunity to view various plastics and pick best one for jobs in your company.

• **Ninth National Plastics Exposition—June 5-9, New York.**

ELECTRONICS. Transistors, tunnel diodes, molecular electronics, and the like. Presentation of newest in fast-changing world of electronics.

• **Institute Radio Engineers Show—March 20-23, New York.**

TECHNICAL SESSIONS will accompany most of the above shows. A few minutes' scanning the program may well uncover topics that tie in with current problems in your company.

Your Guide to New Products



Power Press

Has Automatic Feed

Power press incorporates automatic rack-and-pinion roll feed unit with an over-running clutch. Handles material thickness up to $\frac{3}{8}$ in. and provides up to 5.8-in. feed advance. Reversing key and finger permits reversing press without removing cam when dies are set up.

Price: from \$1,868. Delivery: 2 to 3 wk.

Havir Mfg. Co., 444 N. Cleveland, St. Paul 4, Minn. (PW, 10/24/60)



Safety Hat

Protects 2 Ways

Yellow safety hat protects from electrical shock as well as impact. Plastic model meets and exceeds E.E.I. specifications. Able to withstand 40 foot-lb. without showing visible structural or material weakness. Material penetration depth is only $\frac{1}{4}$ in.

Price: \$5.40. Delivery: immediate.

Safety Div., Boyer-Campbell Co., 801 W. Baltimore St., Detroit 2, Mich. (PW, 10/24/60)



Transfer Tissue

Eliminates Carbons

Transfer tissues are said to last 3 times longer than ordinary transfer carbon tissues. One weight and finish gives sharp, clear carbons in any kind of typewriter—electric, manual, or portable.

Price: \$4.50 (per 100 sheets, $8\frac{1}{2}$ x 11); \$4.75 ($8\frac{1}{2}$ x 14). Delivery: immediate.

Paul B. Williams, Inc., 1010 Broad St., Newark, N. J. (PW, 10/24/60)



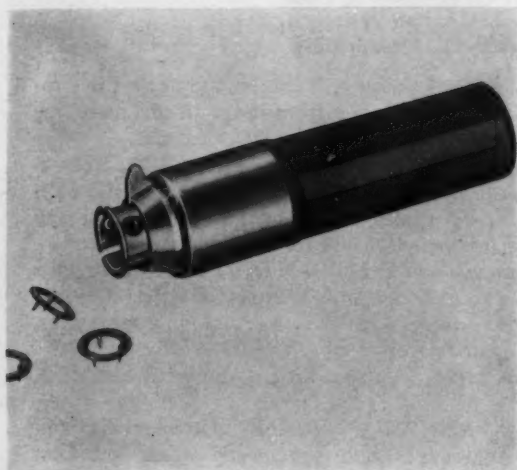
Pressure Transmitter

Comes in 6 Models

Highly accurate, explosion-proof, low-pressure transmitter is designed for use in explosive and corrosive atmospheres. Available in 6 models with standard ranges from 0-1 $\frac{1}{2}$ to 0-60 psi. differential, gage or absolute.

Price: \$340. Delivery: 4 to 6 wk.

Control Components Div., International Resistance Co., 401 N. Broad St., Philadelphia 8, Pa. (PW, 10/24/60)



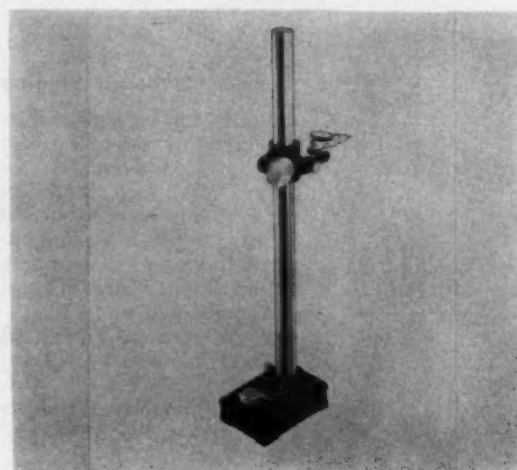
Staple-Type Gun

Inserts, Removes Tacks

Staple-type gun is combination of ordinary wire staple and thumb tack. Unit inserts specially designed tacks into a bulletin board or other flat surface. Also removes and stores tacks for re-use indefinitely. Holds 80 to 100 round steel tacks.

Price: \$5.95 (tube containing 80 tacks costs 98¢). Delivery: immediate.

Auto-Tak, Suite 12, North Haven Office Center, Cuyahoga Falls, Ohio. (PW 10/24/60)



Height Stand

Measures Up to 18-in.

General-purpose height stand can be used with electronic gage heads as well as dial test indicators. Permits measurements at heights up to 18 in. Wide-range fine adjustment (up to .030 in.) is located on base, not arm, so it can be operated without influencing gage hand or indicator position.

Price: \$52.50. Delivery: immediate.

Federal Products Corp., Providence 1, R. I. (PW, 10/24/60)



Drill

Features Nylon Housing

Drill provides double protection against electric shock with insulated chuck spindle and nylon housing, in addition to regular internal motor insulation. Nylon produces an exceptionally tough and durable housing which cuts drill's weight, making it 20% lighter than a comparable aluminum model.

Price: \$24.95. Delivery: immediate.

Millers Falls Co., Greenfield, Mass. (PW, 10/24/60)



Line Marker

Features Manual Control

Line marker produces up to 500 ft. of safety guide lines before refilling. Waist-level handle grip accurately controls gravity feed of paint. Interchangeable fiber brushes produce 2-, 3-, or 4-in. straight or curved lines.

Price: \$89.50. Delivery: immediate.

Cost Reduction Equipment Co., 5200 Chakemco St., South Gate, Calif. (PW, 10/24/60)

Foreign Perspective

OCT. 24-30

London—Industrial caution in the U.S. has combined with the success of the American compact car to darken the European—and particularly the British—business picture.

Especially hard hit in England are the auto and steel industries. British Motor Corp. and Rover Co. joined Vauxhall and Rootes Car Co. in what is becoming an industrywide move to cut back production.

BMC will chop output chiefly of large and medium size cars by 12½% by putting some 23,000 workers on a shorter work week beginning today. Rover Co. will put its 1,000 assembly line workers on a four-day work week "for the time being." Both moves follow Vauxhall's recent decision to lay off 1,000 employees and cut working hours. A similar move by Rootes resulted in sympathy strikes by some 10,000 workers at other Rootes plants.

The current troubles in Britain's auto industry can be pinned to the fact that it had expanded rapidly in expectation of higher demand. But the demand never materialized because of tighter credit restrictions at home and a severe drop in sales to the U.S. with the widespread acceptance of the compact car. In the industry here, top-level officials expect conditions to worsen rather than improve over the next few months.

Steel, of course, has felt the effects of lower car output. In its latest summary of trends in the British steel industry, the U.K. Iron and Steel Board states rather cryptically that "substantial tonnage of orders on hand makes it likely that steel production will continue at a high level."

Later in the report the board adds: "A sharp reduction in imports is expected, particularly of sheet, since importers have been reducing their commitments abroad."

One answer to the sales fall-off of British cars, some industry leaders here say, is to restyle and update their products.

Vauxhall, a British General Motors subsidiary, has picked up the challenge and announced a specially designed three-gear automatic transmission for its 1961 Cresta and Velox lines.

The new transmission was designed at GM's Detroit plant and will also be available in the German Opel car.

For U.S. buyers, automatic transmission is old hat. But, as the company says, "this is the first time an automatic transmission has been available in Britain for six-cylinder cars." Other car company officials agree the modern American touch may be needed to soup up British car sales.

Paris—French auto makers also have been hit by the American compact.

In what some observers feel may be a retrenching of sorts, Simca and Citroen have decided to form a jointly owned company, Societe Mechanique de Nanterre, to operate Simca's giant (2.37-million sq. ft.) motor parts and shock absorber plant in Nanterre, a Paris suburb.

Simca sales to America have nose-dived over the first seven months of this year to 9,817 units, compared with 22,148 during the same period in 1959. Meanwhile, Citroen will be coming out with a new 3 CV medium-priced car in 1962 to complement its low-cost 2 CV and luxury 19 CV cars.

Industry observers here are convinced that Societe Mechanique's 100,000-unit production capacity will go almost exclusively to Citroen.

France's two other car makers, Renault and Peugeot, are analyzing a joint selling experiment they undertook last summer in the interests of increasing sales.

Limited to Toulouse, in the southern part of France, Renault dealers agreed to pass on to Peugeot any potential buyers who weren't interested in small cars. The Renault dealers, in turn, got prospects who showed no enthusiasm for Peugeot's larger models.

Karachi—The free-trade-area move may spread to the Far East.

Two fact-finders have reported back to the Asian and Far Eastern Commission of the International Chamber of Commerce that the only way to combat adverse effects of Western European regional trade groups would be to form an Asian free trade area.

The fact-finders, both secretaries of the Federation of Indian Chambers of Commerce and Industry, expressed the view that increased intraregional trade would compensate for any decline in Asian exports to Western Europe.

Also suggested by the two experts was a modification of the various protection schemes most Asian countries have instituted on agricultural commodities. Tariffs against third countries' goods should also be lowered, they advised.

New Delhi—While the Indian government has yet to react to the findings of the commission, New Delhi already has come out with a proposal for industrial policy aimed at linking industrial development at home with increased exports to the rest of the world.

Under the scheme, establishment of all new industries and expansion of existing ones would be dependent on the industries' willingness to export a stipulated part of its production.

In practical terms, except for industries whose products are classified as "essential" for the national economy, licenses under the Industries (development and regulation) Act will be granted only to those companies that export a fixed quantity of their products. The amount to be exported apparently would be determined by calculations involving as a base figure the actual cost of building the plant.

Another aspect of the proposed plan that will affect American investors in India is that all Indo-foreign collaborations would involve an agreement requiring the foreign partner to market in its own country a certain proportion of the Indian company's output—under the Indian company's name.

New products. Electrically driven ZL-85 loader operates on compressed air and can lift some 32.5 tons. Developed by AB Landsverk, of Lonskrone, Sweden, the flexible loading device is especially suited for work in tunnels, mines, and other areas where space limitations are a problem. . . . **Portable transistorized direction finder** works off eight flashlight batteries. Produced by Pye Ltd., Cambridge, England, the device can be tuned in to any radio beacon and can be "read" visually or by ear. Works in fog or other bad weather, say producers.

NOW - the first polished aluminum towel dispenser

"It'll look this good months from now"



The new look is polished aluminum — a brand new Turn-Towl cabinet that takes water and wear without showing it. Intensive two-year tests prove:

- Anodized permanent aluminum finish can't rust, won't wear or chip
- Cabinet is easy to clean, leaves no fingermarks

Your nearest Mosinee Turn-Towl distributor has the new aluminum cabinet now. Write for his name.

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Sulphate Towels
BAY WEST PAPER CO.
1096 West Mason Street
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Subsidiary of Mosinee Paper Mills Co.

Mosinee Turn-Towl cabinets are leased free for use with Mosinee towels

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New Color Horizons, Heat Resistant, Chemical Resistant, Water Resistant, Floor Coatings, Galvanized Metal, Speedy-Dry, and other Rust-Oleum systems. Request your FREE copy of Form 259—TODAY!

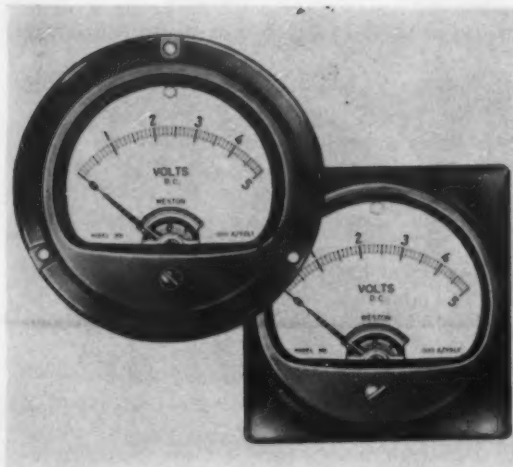
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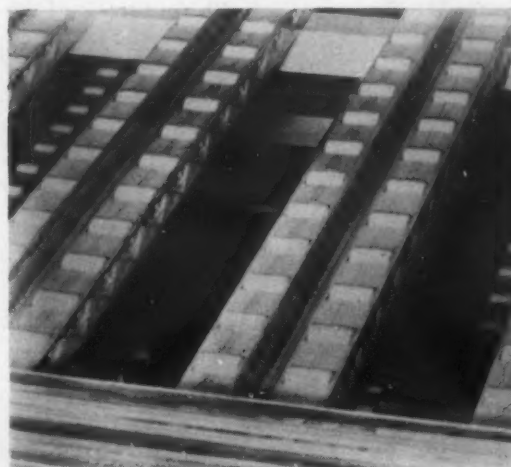
Panel Instruments

Have Better Readability

Panel instrument series features large useful dial area, improved readability, and modernized glare-free cases. Available in round or rectangular shapes, model comes in d-c, r-f, and a-c rectifier types, as well as moving iron a-c types.

Price: Approx. \$15. Delivery: 3 to 4 wk.

Weston Instruments Div., Daystrom, Inc., 614 Frelinghuysen Ave., Newark 12, N. J. (PW, 10/24/60)



Conveyor

With Gravity Feed

Light-duty roller conveyor gravity feeds industrial storage shelves. Rollers move 80-lb. loads down long runways at low slope angles. Back-of-the-rack loading keeps stock operation from hindering order filling and initiates automatic stock rotation.

Price: approx. \$2 per runway ft. Delivery: 3 wk.

North American Equipment Co., 200 Keen St., Paterson, N. J. (PW, 10/24/60)



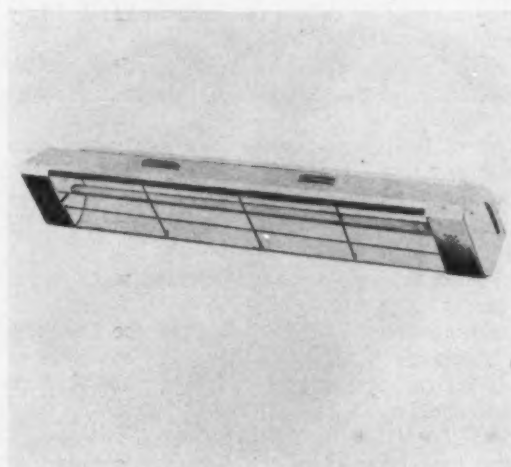
Lubricant

Doesn't Stain

Dry greaseless lubricant sprays onto sliding surfaces or moving parts. Completely odorless, colorless, tasteless and nonstaining, it has lowest friction coefficient of any solid material—only .016 to .024 against polished steel surface. Also available in bulk.

Price: \$7.85 lb. Delivery: immediate.

Polydoris Products Corp., 5306 W. Lawrence Ave., Chicago 30, Ill. (PW, 10/24/60)



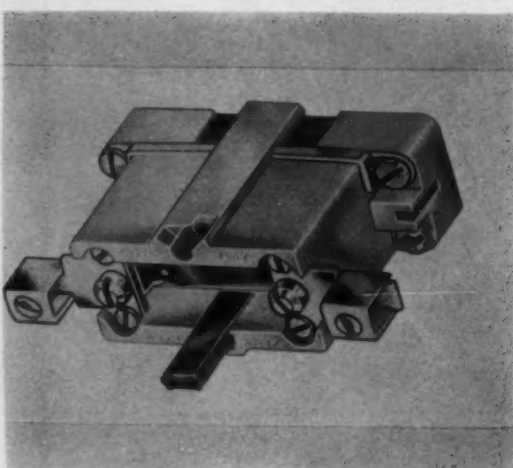
Spot Heater

Comes In 2 Sizes

Area spot heater with quartz tube element heats personnel, equipment, and floor under its rays. Comes in 36- and 60-in. lengths; 1,000 to 2,000 w.; 120, 208, and 240 v.; percentage-timer or thermostat controlled. Can be hung from ceiling or bracket wall mounted.

Price: \$48.95 to \$72.95. Delivery: immediate.

Seaboard Metal Products Co., 189 Frelinghuysen Ave., Newark, N. J. (PW, 10/24/60)



Overload Relay

Provides Precise Setting

Compact overload relay compensates automatically for heat and cold, operating on same time curve from -20F to 165F. Available in NEMA sizes 0 to 5 and 25 to 300 amp. ratings, continuous current. Calibrating screw permits precise setting for current.

Price: \$2 to \$2.35 ea. Delivery: 10 to 14 days.

Arrow-Hart & Hegeman Electric Co., 103 Hawthorn St., Hartford 6, Conn. (PW, 10/24/60)



Vending Machine

Offers 11 Selections

Automatic vending machine offers 11 selections—4 coffees (individually brewed in 6 sec.), 4 teas, whipped hot chocolate, and 2 soups from dry commodities. Separate dispensing eliminates flavor mixing. Model requires 110 v., 60 cycles ac, single phase-20 amps.

Price: \$1,195 to \$1,650. Delivery: 2 days to 2 wk.

Rudd-Melikian, Inc., Jacksonville Road, Hatboro, Pa. (PW, 10/24/60)



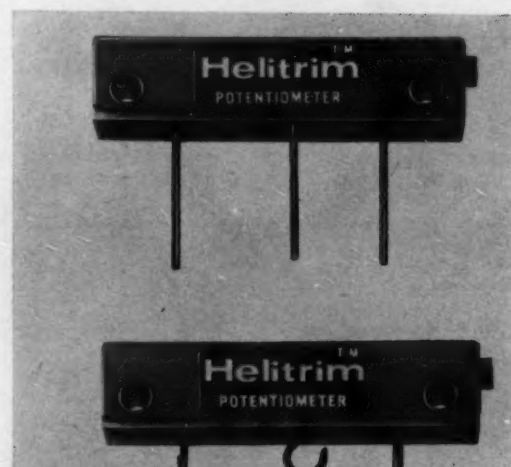
Coding Labels

Identify Steel Stock

Pressure-sensitive labels for color coding steel come in square and round shapes, 1/2, 3/4, and 1-in. sizes. Feature permanent-type adhesive making them almost impossible to remove. To apply, peel off protective back paper, and press into position.

Price: \$1.50 to \$2.64 per 1,000. Delivery: immediate.

Allen Hollander Co., Inc., 385 Gerard Ave., New York 51, N. Y. (PW, 10/24/60)



Trimming Pot

Withstands Vibration

Trimming pot comes in two models—one with pins for printed circuitry, the other with solder lugs. Ceramic-metal construction makes these small pots usable in a -55C to +200C temperature range. Virtually insensitive to vibration, models can ride out 100 G's shock.

Price: up to \$7.50 ea. Delivery: 30 days.

Helipot Div., Beckman Instruments, Inc., 2500 Fullerton Road, Fullerton, Calif. (PW, 10/24/60)

Purchasing Perspective

OCT. 24-30

(Continued from page 1)

WHO ME?—Huddling again last week with representatives of top defense contractors, Anderson said too many firms—because none was specifically singled out—still figure the criticism does not apply to them. But the facts are, Anderson says, that top management of the defense industry in general still does not recognize the full significance of the procurement functions.

• • •

WARNING—Already under pressure from Congressional budgetary and legislative watchdogs, the Air Force intends to intensify its contractor purchasing survey and evaluation program (see Washington Perspective, p. 4). The best procurement talent available will make further penetrating analyses, says Anderson, and then follow through to see that corrective action is taken.

Anderson pleads with top management to assume the leadership in improving their purchasing organization. And, he adds, they can start by:

- Publishing detailed policies and procedures in regard to their purchasing systems.
- Effecting particular improvement in the areas of intracompany contracting and in subcontracting with outside firms.
- Introducing more competition—even where one division of a company is subcontracting with another division.
- Insuring that reliable price analysis has been performed.
- Going "sole-source" only for good and sufficient reasons.
- Procurement by the contractor is and will continue to be one of the major determinants of the efficiency and effectiveness of Air Force programs.

• • •

BUYERS GUIDE—Producers at the National Metals Show in Philadelphia last week indicated plenty of awareness of user pressure to hold the price line against any immediate or major price increases to offset the December wage increases. Producers are banking hopes for increased production rates soon on the conviction that customer inventories are nearing rock bottom. Their figures indicate that steel supplies are being gobbled up by users at a 70% rate compared with the 50% capacity rate at the mills. . . . **Trucking companies in some areas (particularly St. Louis) report that the number of firms asking for shipment tracers is at an all-time high.** This means many firms have reduced their inventories so low that even the slightest delay brings a hurry call for a tracer.

Bicks Requests Greater Cooperation From P.A.'s in Fighting Identical Bids

(Continued from page 1)

Philadelphia federal grand juries which accused leading manufacturers of heavy electrical equipment with conspiring to fix bids on government contracts.

In Boston, a federal court is examining charges of bid rigging for asphalt. And in Springfield, Ill., another federal grand jury is investigating identical bidding for rock salt, a commodity which in recent months has provoked an estimated 100 complaints to federal authorities.

Bicks believes that bid rigging probably is more widespread in some industries than many purchasing agents in government realize. But he thinks better communications between city and state purchasing officials and state and federal law enforcement agencies will help track down illegal pricing agreements.

Bicks feels:

- A periodic system of reporting might be one answer.
- An alert watch by state and city P.A.'s for signs of identical bidding also would help. Bicks listed, as examples of signs of identical bidding, situations where contracts regularly rotate between different bidders or

sudden changes in the patterns of bids—which could indicate the start of an illegal agreement.

States or cities that have suffered damages from such antitrust activities can collect triple the amount they have suffered under antitrust laws. But technicalities of proving damages often make collection nearly impossible. Bicks thinks there are ways this task can be eased for cities and states, and the Justice Dept. right now is moving to initiate them.

One method is to insert into any antitrust consent judgment involving cities or states an agreement that the defendant will not contest any damages that might arise from the illegal practice. States or cities would then only have to prove damages to the satisfaction of a judge.

Another governmental P.A., Rexford G. Wessels, procurement officer for the District of Columbia, will also touch on identical bidding—for drugs. Wessels feels that city or state drug buying is prone to bid rigging primarily because of the many brand names attached by different manufacturers to the same drug.

Machine Tool Orders Dip Slightly in September

(Continued from page 1)

six months—preliminary estimates for September indicate that P.A.'s buying of metal cutting type machine tools was off some \$4.5-million.

"Total new orders for metal-cutting type machines in September should fall to about \$45-million," a spokesman for the National Machine Tool Builders' Assn. told PURCHASING WEEK.

He attributed the drop to the September show, a mammoth 10-day event, "which took many buyers away from their desks and their order pads."

Some manufacturers, however, also blamed the September order drop, along with the bleak outlook for the coming months, on:

- **Rising prices.** Most companies have already raised prices from 3% to 10% over the past year. Another 3% to 4% rise over the near term is forecast because of coming wage increases, to which most firms have already committed themselves.
- A one executive put it: "Tool builders are facing the enigma of not being able to raise prices too much because of increased competition, but they can't afford to sell their machine tools at current prices."

• **Failure of machine tool show to generate new business.** "The show was a lot of money down the drain," declared Harvey Hollenberg, vice president of sales for E. L. Essley Machine Co., of Cleveland. "We don't expect many new orders as a result."

• **Foreign competition.** Spencer B. Booz, president of Federal-Bryant Machinery Co., Chicago, said German machines are taking the spotlight away from American-made items because they are cheaper to buy and to operate.

He said one German company had come up with a new gear hobbing machine that rotates the tool and the work at the same time—a labor- and cost-saving innovation in the field.

Booz agreed the Chicago show had produced no unusual or unexpected buying. "Numerically controlled drilling machines produced a large quantity of inquiries," he said, "but no significant amount of buying has come across my desk."

"In drilling, boring, and grinding equipment," he added, "the business outlook for orders is not good."

Price Hike Uncertain

A Motch & Merryweather executive said, "It's anybody's guess" as to whether or not a price increase is in the works. He said prices of his firm's own machines have remained stable. The company, however, also acts as sales agent for tools of other manufacturers, and prices on these agency tools, he said, have been increased 5% to 10%, depending on the model and manufacturer.

As for the Chicago exposition, "We felt no surge of orders as a result of the show," he said. "Very few people showed up with order numbers in their pocket. With inventories as tight as they are, machine tool orders now have to go to the board of directors, it seems, before a purchase can be made."

There was some dissent, however, on both the show and the general business outlook.

Frank Habicht, president of Marshall & Huschart Machine Co., stated, "Business is good. Orders are coming in. As a result of the show, we are getting more orders and inquiries, and our fourth quarter of 1960 and first quarter of 1961 should be up considerably."

Warner & Swasey President Walter K. Bailey, in Cleveland, told PW he considered the machine tool show an "unqualified" success.

"Machine tool orders," he went on, "were definitely held back be-

fore the exposition. We entered the exposition with one of our largest lists of outstanding quotations and with one of our smallest backlogs.

"Our customers came, compared, decided, and placed orders, before new prices became effective."

Bailey called the result of the show "one of the fastest and largest buying surges we have ever experienced in machine tools. Our backlog was tripled during the past two weeks. Our deliveries have moved from 60 days to 6 months, and we are assured of good shipments through the first quarter of 1961."

Steel's Fight to Regain Lost Markets Dominates Philadelphia Metals Show

(Continued from page 1)

nicians stood ready to answer customers' questions in detail.

This cooperative effort by steel makers to regain lost markets and develop new ones showed the various producers are counting heavily on four recent developments to give sales a boost:

- New alloy combinations with superior properties.
- Stainless in combination with carbon steels and other metals.
- Colored and textured stainless.
- Vinyl-coated steels.

"Steel companies were working at capacity for so many years that they got fat and lazy and now are waking up," a spokesman for one of the leading specialty steel-makers emphasized.

While steel suppliers dominated the annual metals exhibit, steel's competition also was in there pitching.

Their exhibits showed that even the high-performance specialty steels are not safe from competition. Aluminum, the exotic metals, and reinforced plastics all were fighting for honors.

An extensive rundown of the new products introduced at the metals show will be carried in the Nov. 14 issue of Purchasing Week.

Alcoa presented a wide variety of aluminum products, ranging from a TV set case to a shell for a solid propellant rocket. "We'll just keep spending a lot of money on research and keep coming up with new products," a company researcher enthused.

Battle lines for the two metals were pretty well laid down—in transportation, construction, and packaging. A 1961 Valiant on exhibition pointed up aluminum's automotive progress. The dozens of aluminum parts illustrated ranged from grill to transmission housing. It also pointed out that a number of cars in the 1961 model line boast aluminum engine blocks.

Washington Steel Co., the first producer of colored stainless, said the product has been getting good reception in architectural circles. Rigidized Metals Corp. has developed a process for embossing designs on the stainless—adding both beauty and strength. Allegheny Ludlum reported that it also was offering colored stainless, and a number of other companies said they had processes under test.

All steel makers don't agree on a bright future for the colored

product, however. One manufacturer flatly told PURCHASING WEEK he wouldn't consider ruining beautiful stainless with color."

Most steel producers now offer a vinyl-coated product of some type. Enamelstrip Div. of National Steel, for example, offers two vinyl laminates and an organic paint. Most manufacturers hold high hopes for steel-plastic combinations.

Stainless clad to carbon steel and copper is being used for kitchenware and pipes. The combination costs considerably less than solid stainless while giving ample protection.

Specialty steel makers are pouring a substantial portion of research funds into developing ultra-high quality steels for space age needs. "We used to work with steels from room temperature to 300 or 400 degrees—now minus 400F and 1500F are common," a Universal Cyclops marketer observed.

Companies generally urged customers to make a thorough study of their needs, then make a choice. This whole philosophy was best summed up by a sign on the Union Carbide Metals Co. booth. It read: "Select the right metal for the job . . . Ask our engineers to help."

Coal Wins Round in Fight With Imported Fuel Oil

Washington—The domestic coal industry has scored a major win in its revitalized market struggle to withstand competition of imported fuel oil. The Interstate Commerce Commission last week refused to upset a 50¢/ton railroad freight rate reduction for coal hauled from Appalachian mines to the furnaces of large Eastern electric utility plants.

Coal leaders feared that, had they lost the case, marketers of residual fuel oil would have been able to lure the lucrative accounts of the electric utilities along the East Coast. The electric plants, most of which can use either coal or oil to fire their burners, make up the largest domestic market for coal.

ICC earlier had allowed the freight rate cut on a temporary basis. The commission now has completed a full-scale investigation and sided with the alliance of coal mine operators, coal-carrying railroads, and the supporting utilities.

New Wave of Soul-Searching Engulfs P.A.'s

(Continued from page 1)

month created a v.p. of purchasing and inventory control whose responsibilities cut across a half-dozen activities: Among them: traffic, warehousing, production planning.

• The purchasing department of the Attleboro, Mass., plant of Texas Instruments recently sent a letter to 3,000 suppliers asking for cost-cutting ideas, reply requested in two weeks. Results to date: 600 replies.

• Where only one source of supply exists, a specialty steel company is trying to interest other suppliers in entering the field. Result: The competition thus created has slashed the cost of several items.

• Chesapeake & Ohio Railroad has switched the burden of its central warehousing to its suppliers. Result: \$1-million saved this year.

These are signs of the times, clear evidence of the wide range of soul searching going on in purchasing and management circles. Its aim: to reduce costs.

As a result, both new and old cost-cutting weapons are being waved with gusto these days, as purchasing executives strive to keep the sag out of company profits.

As one top purchasing director for a large Midwest electrical apparatus firm put it: "With sales moving at a slow rate, and costs still on the rise, we're finding it almost as important to keep the cost reduction machine running overtime as in the 1958 recession."

But there's a significant difference in the way the machine is operating this time:

What started out as pure inventory cutting has taken on the aspects of a trip to the dentist where one repair leads to another. Looking into every nook and cranny where a saving could be effected has had a chain reaction that is being felt inside as well as outside most purchasing departments.

Internally, you find moves sometimes aimed at bringing purchasing and engineering together, sometimes at improving inventory controls or materials management. Externally, suppliers are being brought into the picture with increasing emphasis on the role they can play in cost-cutting.

What becomes increasingly apparent is the growing importance of the purchasing agent's role in

welding together a cost-saving program that has more than an expedient, stopgap look to it. Here are current examples that have broad significance for industry, many pointing to future trends:

• **Supplier warehousing.** This is the approach of Chesapeake & Ohio Railroad—which puts the burden of its central warehousing on the supplier, to the tune of a \$1-million saving this year and aimed at eventually reducing inventories by \$5-million.

Under the old system, any shop, warehouse, or terminal where repairs and maintenance were handled could requisition items from general stores, which periodically replenished their supplies from Cleveland headquarters.

Now C&O has established single sources of supply for large-volume, bread-and-butter items. Blanket contracts and prices are negotiated by Cleveland headquarters, and the 33 consuming points now send releases directly to the supplier who ships to the point of use.

In some cases, C&O must absorb minimum billing charges because of the smaller, multiple-lot shipping. On the other hand, some suppliers have arranged single monthly billing on releases made by local sources. Currently, the company is working the bugs out of a cyclical release plan to make blanketizing even more efficient.

• **A-B-C-D Inventory Control.** This is another effective technique for tightening inventories, which also requires the cooperation of suppliers and has been used effectively by some companies. Purpose: to reduce investment in high-priced items through improved dollar control of inventory. Primarily, this means lower reserves, as well as shorter lead and process times on these items. Thus, vendors are required to carry stock on most A items. Here's a typical classification breakdown:

"A" items represent 75% of annual dollars spent for materials, but only 10% of the number of items purchased.

"B" items represent 20% of annual dollars, 15% of purchases.

"C" and "D" items represent 5% of dollars, 75% of purchases.

Only a 30-day supply of A items will be ordered on a typical purchase order. While this may

increase order and receipt frequency of A items, it is offset by reduced order frequency on other items. B items are ordered in 90-day quantities; C items, 180; D items, 360. This creates an inventory reserve of 15 days on A items, 30 days on B items, and 60 days on C and D items.

Additional supplier responsibility: to alert purchasing to all B, C, and D items that can be combined with an existing A item. In Milwaukee, Louis Allis' purchasing division manager John H. Mullaney reports a successful first year's operation of the plan for the company's annual purchases of \$6-million.

International Harvester and Allis-Chalmers are looking at a whole range of ways in which suppliers can contribute to cost cutting. Both have recently had suppliers in for conferences.

• **Adding to production run.** R. A. Baumgardt, buyer for the IH works in Milwaukee, has added a twist to his outside scouting for cost savings. While on the road, he looks for additional shopwork to supplement regular output for other IH plants.

From Pittsburgh comes a raft of cost-cutting techniques that can be applied by almost any company:

• **Target accounts.** A specialty steel manufacturer assigns "target accounts" to each buyer. The buyer becomes responsible for cutting costs in individual areas through working with the supplier. Results: One account effected a 22% reduction in annual spending, another a 41% cut.

• **Vendor analysis.** The same company has undertaken a general investigation of its suppliers. In one instance, it found a supplier very close to insolvency.

• **Savings goals.** One large steel manufacturer has assigned a cost reduction goal of 3½% to each of its plants. Buyers must file "plans of action" on how they intend to make savings, and at the end of the year a "savings report" on the results of these efforts will be required.

• **Purchasing research inquiry.** Last year, one of the divisions in the same company began attaching a form to the vendor's copy of the purchase order. It asks the vendor about (1) substitute materials, (2) more economical ordering, etc.

More and more, purchasing departments are drawing sup-

Late News in Brief

Steel Warned Against Price Hike

Wheeling, W. Va.—Wheeling Steel Corp.'s assistant sales vice president, D. Leslie Irvine, warned his industry in a speech here last week that steel prices "can be raised only at the risk of losing markets—and lost markets mean lost jobs."

IUE Reduces Demands

New York—The International Union of Electrical Workers reduced some of its demands against General Electric Co. last week in a move that indicated the three-week walkout was losing some of its steam. The action came soon after the return to work of 8,700 production men at GE's main Schenectady, N. Y., plant. In Pittsburgh, the IUE also made "substantial revisions" of its demands, against Westinghouse Electric Corp. where a previous strike deadline had been put off in hopes of reaching an agreement without a walkout.

Union Okays Stepped-Up Automation

San Francisco—West Coast longshoremen have given their maritime employers the right to automate cargo handling procedures on the docks with virtually no work restrictions. In return the employers agreed to pay the longshoremen \$5-million a year for work lost through replacement of men by the automated cargo handling procedures.

Resin Prices Drop

New York—Hostachem Corp. has chopped 15% to 20% off a wide range of plasticizer-free polyvinyl-chloride resins. The reductions bring the Mountainside, N. J., company's line of resins, called "Hostalit Z," down to a price range of 36¢ to 51¢/lb.

pliers into their value analysis programs. Examples are legion, but two from Robert L. Leming, supervising procurement analyst, McDonnell Aircraft Corp., St. Louis, show how this teamwork between company and supplier can pay off:

• A \$20,000 savings was realized by having the supplier do a complete machined job on certain castings. Formerly they were cleaned before shipment and required additional cleaning after being machined. Now that the supplier does a complete machining job, the second cleaning operation is eliminated.

• Changing from a forged seamless ring to a welded machine ring saved nearly \$30,000 on one order of 205 pieces, nearly \$14,000 on another order of 200 pieces.

Leming estimates savings of \$153,239 in six months through working on "improved manufacturing techniques with our engineers and those of supplier firms."

In stepped-up value analysis programs, internal reorganization, and procedures for cutting paper work, more than one company is turning inward to find its cost-cutting methods.

• **Internal reorganization.** A joint purchasing plan to reduce operating costs is on the drawing boards at Ling-Temco Electronics, newly formed last summer through merger of Ling-Altec Electronics and Temco Aircraft. Eighty top executives of the company's 16 subsidiaries and divisions will make recommendations for the joint program to Charles Collier, corporate purchasing agent.

The pivotal role of purchasing in company reorganization programs can also be seen in examples cited earlier: appointment of Cleal F. Randall as v.p. of purchasing and inventory control at Anaconda, and Harbison-Walker's combining of purchasing and engineering under R. P. Snyder, formerly head of engineering.

• **Cutting paper work.** Though many companies are moving cau-

tiously toward electronic data processing, there is plenty of looking around. Chesapeake & Ohio developed its vendor warehousing system while probing the possibilities of applying EDP to its purchasing and stores operation. C&O expects its purchasing and inventory to be computerized in 1962.

Where careful analysis precedes a drastic slash in paper work, purchasing departments can usually point to good, often spectacular, results. "It cost us \$100,000, mainly in new equipment, to set up a new paper program," says Thomas English, general purchasing agent at Alcoa, "but we saved that much in less than a year."

• **Value analysis.** Hardly a single P.A. will tell you that this does not play an important part in his cost-saving program. And, increasingly, you'll find value analysis techniques being applied in areas other than engineering improvements. At A. O. Smith, a \$1-million value analysis savings program cut across all departments in 10 plants.

Example: Traffic recently promoted a reduction of 3¢/100 lb. in steel shipments from Chicago to Milwaukee. Old rate: 21¢/100 in 80,000-lb. lots. New rate: 18¢/100 in 100,000-lb. lots. Other firms in Milwaukee (Inland Steel Products is one) are converting shipments to 100,000-lb. lots to capitalize on the lower rate.

The area of cost reduction is an ever-widening circle with the purchasing department at its center. Close to the center are the internal cost-cutting steps a purchasing agent can take or initiate within his company—through value analysis, departmental reorganization, reducing the burdens of paper work, etc. At the outer edges are the effects suppliers, transportation, and industry innovations can have on your operation.

Back at the center is smart buying. As one P.A. put it, "There's no 'equivalent item' for that."

Price Changes for Purchasing Agents

Item & Company	Amount of Change	New Price	Reason
INCREASES			
Rayon tire cord, 1000 den. & 1650 den., lb.....	.005-.015	.55 & .49	cost-price squeeze
Cadmium chloride, drms., lb.....	.075	\$1.49	metal boost
Cadmium nitrate, 5000-lb. lots, lb.....	.05	.87	metal boost
Gum turps., So., gal.....	.015	.465	right supply
Cement, Marquette (Midwest), Jan. 1, 1961, bbl.....	.05-10	rising costs
Cement, Riverside (West Coast), Jan. 1, 1961, bulk, bbl	.25	rising costs
REDUCTIONS			
Copper chloride, crlts., lb.....	.01-.021	.30-.44	metal cut
Camphor, synthetic, refined, Clintbrook, powdered, 2000-lb. lots, lb.....	.02	.57	growing supply
Copper hydrate, dry, carlots, lb.....	.01	.525	metal cut
Copper sulfate, monohydrated, clts., lb.....	.01	.23	metal cut
Copper carbonate, clts., lb.....	.015	.3485	metal cut
Vinyl chloride, monomer, Allied, tanks, lb.....	.012	.113
Gamma acid, dry, tech., dms., lb.....	.20	\$1.55	competition
Gasoline, New Eng. & N. Y., Mobil, dlr. tnkwgn., gal...	.005-.017	competition

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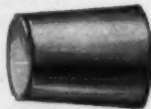
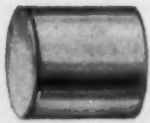


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